Volume LVIII] *March 1943* [*Number 1*

POLITICAL SCIENCE QUARTERLY

THE BEVERIDGE REPORT

THE Beveridge report,[1] which in a few months has become one of the most widely read and quoted documents of recent years, was conceived on June 10, 1941. On that date Arthur Greenwood, Minister without Portfolio, announced to the House of Commons that he had arranged for a survey of social insurance and allied services to be considered, when completed, by the Committee on Reconstruction Problems of which he was then chairman. The survey was entrusted to an inter-departmental committee with Sir William Beveridge as its chairman. The committee's terms of reference were "to undertake, with special reference to the inter-relation of the schemes, a survey of existing national schemes of social insurance and allied services, including workmen's compensation, and to make recommendations." On January 27, 1942, the committee was authorized to consider "death benefits with any other risks at present not covered" by the English social insurance system. In a letter of the same date Mr. Greenwood wrote to Sir William: "In view of the issues of high policy which will arise, we think that the departmental representatives should . . . be regarded as your advisers . . . on the various technical and administrative matters with which they are severally concerned. This means that the Report . . . will be your own report; it will be signed by you alone. . . ." This report Beveridge submitted to Sir William Jowitt, Greenwood's successors, on November 20, 1942.

[1] *Social Insurance and Allied Services*, Report by Sir William Beveridge. New York, The Macmillan Co., 1942. 299 pp. $1.00.

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No one better qualified than Sir William could have been chosen to review and assess England's experience with social insurance and the risks which it aims to insure. For more than thirty years he has participated in various capacities in the insurance administration and has been a close observer and student of its developments and problems. In addition to his work in economic history he has been a prolific writer on unemployment and unemployment insurance and his book on unemployment remains after many years the most important treatise on the subject in the English language.[2]

Whatever one thinks of its conclusions and recommendations, it must be conceded that the report is, among other things, a scientific document of great value. It sets forth the leading features of the history of English social insurance schemes, some of which go back to 1897. It contains interesting and useful summaries and analyses of the budgets of workingmen's families. It surveys the business of private insurance companies in the field of industrial life insurance and workmen's compensation. A good part of the report deals with problems of administration and finance. And throughout the 200 pages, which contain the report by Beveridge and the actuary's memorandum, there are at least passing references, and, in some cases, full discussion of any number of important economic and social questions related to the past history of social insurance systems and to the proposals for their reform.

It is only natural that so ambitious an undertaking, completed in so short a period of time, should stress some problems and neglect others. While there is much evidence and much argument devoted to establishing the inadequacies and inconsistencies (anomalies) of the pre-war insurance, the report has little to say, and that of the most general character, about the administrative experience with health and unemployment insurance and with unemployment relief and assistance for the many years during which these types of benefits have been in existence in England. Aside from the formal features of administration, there is assuredly much to learn, to cite only one

[2] *Unemployment, a Problem of Industry* (London and New York, 1930).

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example, from thirty years of experience with the definition of unemployment by public administrative agencies. It is disappointing that so critical a question, which is bound to grow in importance as the unemployment insurance scheme is extended and liberalized, should receive such scant attention in the report. A similar comment might be made concerning the report's view of the state of England after the war and the capacity of the post-war economy to assume the added costs which the Beveridge plan entails.

But, as much as one would have welcomed extended consideration of these subjects, it should be understood that the problems they raise have not escaped Beveridge's attention. As to the capacity of post-war England to carry the costs of a universal system of social benefits, Beveridge rests his case on the progressive rise in English standards of living during the past thirty or forty years. This advance in standards, he points out, continued after the first World War. That war, he observes, left

> an aftermath of economic conflict. . . . Yet, across this waste period of destruction and dislocation, the permanent forces making for material progress—technical advance and the capacity of human society to adjust itself to new conditions—continued to operate; the wealth per head in a Britain of shrunken overseas investments and lost export markets, counting in all her unemployed, was materially higher in 1938 than in 1913.

As for the fears that the security promised by his plan will weaken "initiative, adventure, personal responsibility" and demoralize the beneficiaries, Beveridge rests his case on his faith in the British people. His plan, he writes,

> can be carried through only by a concentrated determination of the British democracy to free itself once for all of the scandal of physical want for which there is no economic or moral justification. . . . In seeking security . . . and in showing that security can be combined with freedom and enterprise and responsibility of the individual for his own life, the British community and those who in other lands have inherited the British tradition have a vital service to render to human progress.

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I

The aim of the Beveridge plan is to secure to all Englishmen a minimum of subsistence, or, as its author puts it, to abolish want. It is "designed as a practical contribution towards the achievement of the social security which is named in the closing words" of the fifth clause of the Atlantic Charter.

The existence of physical want, poverty, living under conditions below accepted standards of bare subsistence the report attributes to interruptions or loss of income by reason of sickness, accidents, unemployment, death and the failure to relate income to size of family. An effective attack on poverty, therefore, requires some method for providing income when usual earnings have temporarily or permanently stopped and supplementing usual earnings which are too small to keep a family above the subsistence level. The methods which the report recommends are a widely extended and substantially liberalized system of social insurance and children's allowances.

Determining the practical features of a social insurance system which would satisfy the aims of the plan made necessary two sets of inquiries. One was an analysis of studies of the income and expenditures of workingmen's families at various income levels and the other a review of the social insurance and related services in force in England in 1938-39, just before the beginning of the present war. The budgetary studies were used to show what income was necessary to secure freedom from want and the insurance studies to suggest the changes which needed to be made in the existing system.

The leading conclusions of these studies were that existing provisions were inadequate and unequal. Several of the more serious risks of life were either not insured at all or were, as in the case of funeral expenses, unsatisfactorily insured. Large segments of the population were altogether excluded from the existing social insurance. The period of benefit-payment was in many cases too short and benefits often stopped when the need for them was greatest. In the lower income groups the larger the family the greater was the pressure on subsistence.

Acting upon these findings, Beveridge makes a series of broad proposals. The social insurance system, which he rec-

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ommends, should cover the whole population. All risks should be insured. Scales of benefits should be increased and benefits should be paid as long as needed. A system of children's allowances should be established. Provision should be made for health and rehabilitation services. The state should assume responsibility for preventing mass unemployment. Most of the old and new insurance services should be administered by a Ministry of Social Security.

For the purposes of administration the report classifies the population of England into 6 groups: (1) employees, (2) others gainfully occupied, (3) housewives, (4) others of working age, (5) below working age, and (6) retired above working age. For the members of each group the plan provides the appropriate benefits. Thus group 1 will be eligible to receive all of the available benefits. Group 2 may receive all but unemployment benefits and industrial pensions. Housewives may receive, in addition to other benefits, marriage and maternity grants, separation or widow's benefit. Group 4 may receive medical treatment, funeral grant, retirement pension, and training benefit; group 5, medical treatment and funeral grant; and group 6, medical treatment, funeral grant, retirement pension and industrial pension.

Examples of the provisional rates of benefit proposed in the plan, which in the case of existing insurance are roughly double the 1938-39 rates and which were arrived at by assuming that post-war (1945) would exceed the pre-war prices by 25 per cent, are shown in the following table.

	Shillings per week
Unemployment, disability and training benefit	
Man and not gainfully occupied wife (joint benefit)	40
Retirement pension (after transition period) [3]	
Man and not gainfully occupied wife (joint pension)	40
Maternity benefit (13 weeks)	36
Children's allowance (per child after the first)	8
Industrial pension (total disability)	⅔ of weekly earnings
Maternity grant	£ 4
Funeral grant (adults)	£20

[3] Retirement pensions are gradually increased to 40 shillings per week over a period of 20 years, beginning with the installation of the plan.

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II

The estimates of the cost of this universal, compulsory plan of benefits and grants, covering an enormous range of risks and of people and promised, in the case of weekly benefits, for lengthy periods, and the estimates of the distribution of the cost depend in part upon past statistical experience projected into the future and in part upon the assumptions on which the plan is based. Among the variety of assumptions made by the proposal are two which have featured English social insurance from the beginning. The first is that the scheme must be contributory. Beneficiaries, with a few obvious exceptions, must pay at least something toward what they get. An important corollary of the contributory principle and of the aim of the plan to do no more than secure a national minimum of subsistence is that contributions or premiums paid by the insured, like the benefits, are flat rate and do not, but for minor adjustments as to women and young people, vary with earnings and capacity to pay. There are, likewise, no gradations in premiums as between industries.

The second assumption is that paying for the scheme requires the redistribution of income and wealth. The sources of the contributions, accordingly, are the government, employers and employees. Since the sum total of benefits received by many classes of the insured will be large, it is clear that the benefits paid to individuals and families of low income will far exceed their own contributions. In effect, then, their benefits will be subsidized by drafts upon the contributions of the higher paid, the employers, and the nation's exchequer.

Another set of assumptions rests upon quite different principles. These amount to saying that the scheme, in order to work and to avoid building up excessive expenditures and costs, must provide that the insured be kept healthy and fit for work and remain in employment lest they settle down too often and too long to living on the insurance benefits. The report attempts to translate these assumptions into practical proposals by calling upon the government to face the problems of post-war unemployment and by laying the foundations for an unprece-

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dented system of health and rehabilitation benefits and services.

The task of predicting the future of each and all of the risks covered by the plan falls to the actuary. For some benefits, such as funeral grants, the undertaking is not impossible because of the wealth of available data and experience. For others, such as unemployment benefits, the difficulties are great; for the behavior of long-run employment after the war in England, as in other countries, is at best a highly problematical matter. In addition to all of his other problems the actuary had to contend with the possible effects of liberal benefits on the magnitude of the insured risks.

It is clear from the tone of his memorandum that the actuary did not consider his lot a happy one. Concerning disability benefits he assumes that "an appreciably higher claim rate will be experienced than that now prevailing . . . on account of the substantial increases proposed in the rates of benefit. The effect, on the number and duration of claims, of this increase . . . is necessarily a matter of speculation. . . ." "As regards unemployment benefit . . . [he has assumed], after consultation with Sir William Beveridge, that under normal peace-time conditions the enlarged population insured against unemployment will experience an average rate of 8½ per cent. unemployment. . . . Concerning the cost of health and rehabilitation services he says: "The cost of such a comprehensive scheme clearly cannot be estimated with precision until the proposals have taken more definite shape." The amounts which will be required for the expenses of administration he holds "must be largely speculative."

> Not only are some of the benefits new and complex in character, calling for the development of new methods of administration, but also it is proposed to reorganise the whole machinery of administration of the Pensions and Health Insurance schemes, if not of the Unemployment scheme. On balance it appears unlikely that there will be a saving, at any rate for a considerable time to come.

Having these problems and difficulties in mind, the comparative costs of the whole plan are estimated to be 697 million

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pounds in 1945 and 858 million pounds in 1965, when the full costs of the retirement pensions will be met, as against the cost of the present scheme in 1938-39 of 342 millions. The distribution of the costs for the separate classes of benefits and the relation between expenditures and incomes are shown in the next table.

EXPENDITURE	1945	1965	INCOME	1945	1965
	(*million pounds*)			(*million pounds*)	
Retirement pensions..	126	300	Contributions by insured	194	192
Unemployment benefit	110	107			
Disability benefit ...	72	86	Employers' contributions	137	132
Other benefits	41	42	Interest on funds ...	15	15
National assistance ..	44	30	Charges upon Exchequer	351	519
Children's allowances.	110	100			
Cost of administering above benefits	24	23			
Health services	170	170			
Total	697	858	Total	697	858

Changes in the relative contribution of the three classes of contributors are as follows:

	Per cent of Total Income		
	1938-39	1945	1965
Government	62	50	61
Insured persons	16	28	22
Employers	19	20	15
Other (mainly interest)	3	2	2

Thus when the plan is fully in effect, the beneficiaries will be charged with roughly one-fifth of the cost, the remainder being borne by the government and employers. The total charge on employers is, of course, much larger than these percentages suggest because so heavy a share of government income originates in taxes on industry.

III

It should be clear from even this brief summary of the contents of the Beveridge plan that much of it is provisional and tentative. Some parts are more thoroughly and precisely worked out than others. The proposals for health and rehabilitation services are perhaps in the most elementary stage.

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Broadly described, they plan to provide more extensive medical, surgical and dental services, at home and in hospitals, than are available anywhere else in the world. How this part of the plan would be set up and how it would be administered are questions to be considered by existing agencies of the government and the appropriate professions. What effect it might have on private medical practice is suggested by Beveridge's comment that "the possible scope of private general practice will be so restricted that it may not appear worth while to preserve it."

The plan proposes to transfer from private business to the government, as part of the scheme, workmen's compensation or industrial accident insurance and at least part of the business of industrial life insurance. Much attention is paid to the record of industrial life insurance as sold by private companies, and the criticism to which some of their practices have been subjected for a good many years, in the United States, as well as in England. The conclusion is that provision of a moderate, minimum amount of life insurance is a proper subject for social insurance. Final disposition of this item is left for future determination and the report's outright recommendation is, for the present, limited to providing funeral grants.

Although not enough is made of the point, many references in the report imply that effective administration will require the employment of compulsion. Thus in discussing health and rehabilitation services, Beveridge warns that "It is a logical corollary to the receipt of high benefits in disability that the individual should recognise the duty to be well and to co-operate in all steps which may lead to diagnosis of disease in early stages when it can be prevented." Similarly the plans for unemployment insurance contemplate requiring beneficiaries to train for new jobs when unemployment has become prolonged and the opportunities for work at old callings seem to have vanished.

The whole report and plan provoke speculations as to the essential differences between social insurance on the scale here

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proposed and public relief. The contributions of the major beneficiaries of the plan may well not exceed 10 per cent of the total expenditures. Will a plan, so liberal in its provisions and financed in this manner, encounter the same problems which fill the literature of the history of relief? Or is it to be supposed that the administration of social insurance will prove skilful and farsighted enough to avoid the pitfalls of the past? The answer to these questions and speculations will be found, I suspect, in the morale of the English people when this war is over.

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AMERICA'S PLACE IN THE POST-WAR WORLD

NUMBERS among us, members of the academic profession not least, are engaged in formulating the post-war international order. Few, if any, are facing what is or should be the antecedent question: what shall be America's place in the post-war world, whatever dimensions that world takes? Perhaps the question is being elided precisely because it is of tougher substance, not so easy to evade in generalities and less susceptible to solution by devices of organization. For it is in political thinking that the American weakness for rhetorical expansiveness and remedy of deep-lying human ills by mechanisms is most easily discernible. Yet the antecedent question must be faced out and brought to concrete and unequivocal answer before we can talk, think and act intelligently on the size, form and spirit of the post-war international order. Until it is, all discussion in this country on post-war organization is merely an exercise in articulation and may even have the effect of misrepresentation.

There is in fact a certain falsity in much of this discussion. The historian working fifty years hence on the materials of these two or three years will find that America was morally and intellectually committed to joining a world system with jurisdiction overriding national sovereignty. Yet we know that this is not true. The truth is only that those who are most vocal are so committed. The others are silent, either out of opposition or lack of clarification. This is a familiar phenomenon in American life. Only liberals are vocal. Others, whether reactionary, obscurantic or conservative, hold their peace. Discussion raises questions; questions jeopardize what is; better to be silent. And those are silent who stand to gain by what is and who in the nature of things exercise the most weight in final decisions. Public discussion, therefore, is not necessarily an accurate indication of public opinion or at least not a sound basis for prognosis of action, more particularly on issues that

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threaten the status quo. It is so in the current discussion concerning post-war international society. The majority of those who record themselves are for America's merging itself into an international system, but nothing is to be deduced therefrom with respect to American opinion on America's place in the post-war world.

Suppose, however, that the generalities on the one side were reduced to concrete propositions and the reservations on the other were lifted. Suppose, then, without emotional or intellectual pre-commitments, that one set out to analyze the choice that lies before the country when the victory is won, the peace is made, and America must determine its relation to the rest of the world. The courses that are open to us can be set down in advance and examined in all their bearing now, as well as later. They are: (1) Pax Americana; (2) withdrawal as of 1919; (3) withdrawal in the sense of complete isolation from the rest of the world in a manner unprecedented and not even adumbrated in 1783, or, for that matter, in a manner unprecedented anywhere else in the world except in China and Japan until the middle of the nineteenth century; (4) full participation in an international organization, with all that that entails by way of remission from national sovereignty; (5) neither withdrawal as of 1919, nor complete isolation, nor full participation in an international organization, but frank engagement in world politics to an extent commensurate with the national power and the national interest. The last would necessarily entail the use of the nation's economic and military potentialities to advance the national interest after the manner of any other great state. It would involve, in other words, complete mergence into the scheme of power politics on the traditional pattern of modern history.

Let us take these in order.

By Pax Americana is meant the imposition of America's will in the only way that it can be imposed, which is by force. What is amiably called American leadership, meaning, if anything at all, moral suasion or contagion by example, can be dismissed. It is neither feasible nor desirable. It is not fea-

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sible because no great Power wants it or would tolerate it. No doubt there have been times when certain Powers or groups would have been glad to follow America, if America was going in a direction advantageous to themselves—but only so long as it did. There has never been any evidence that any of the great Powers wanted American leadership for any other purpose, that they would surrender right of decision in international politics to America or would accept it if America aspired to exercise it. And it is no reckless venture in prophecy to say that Great Britain and Russia, for example, will be furthest from any such mood of political self-immolation after this war. The British Lion will not have stood at bay, mangled for four or more years, and then, with the foe prostrate under its paws, meekly follow on an American leash. Not in Elizabeth's or Victoria's day was Britain further from any mood of abdication as a great Power. As for Russia it is fantastic even to raise the question. The great Powers may or may not come to the point of committing right of decision to some international organism in which they have equal voice; they will not commit that right to any other single Power—to America any more readily than to any other Power. Perhaps to America less readily, for though America may be credited with disinterestedness and its might held in respect, it has never inspired confidence in its political acumen. Indeed, one might say that there is one proposition—and perhaps only one—on which all Europeans are united from the Volga to the Atlantic. It is: Americans are politically children.

One need not be privy to the higher councils in London to be certain that comments there just now on the transactions in North Africa are expressed in discreet variations of this proposition. Whether the proposition is valid or not, it is held, and it will be acted on, with or without overt expression. It would be an over-sanguine or over-innocent American who could maintain that America has shown any great insight into European politics or any high skill in dealing with it. There are no doubt historical reasons for the fact. It has been America's good fortune throughout most of its history (though one it can never enjoy again) that it has not been compelled to cultivate

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insight into European politics. Ineptness was a luxury it could afford.

American leadership is undesirable as well as unfeasible. For one thing, its psychological effect on America would be corrosive. In anything that concerns international relations there is already a sturdy strain of pharisaism in American thinking. There is an unhealthy inclination to thank God that we are not as other men. It is forgotten, or not recognized, that the reason therefor is the beneficence of geographical endowment. America could afford not to be as other men politically. If supremacy were now conferred on America (not wrested, but conferred), America would become unbearable. Let it not be forgotten that the unction that Americans habitually laid to their own souls, after the first World War, did much to generate the irritation commonly felt by Europeans toward America for years after 1919; and that would be as nothing compared to what would be felt if Americans could not only lay unction to their souls but have their way in addition. Indeed, in only one respect would American leadership be desirable, and that is by a too subtle calculation. The overweening power of America might serve as an amalgam in Europe. It might do for Europe what Japan has apparently done for China—give it a common dislike greater than its internal hostilities. Fear of America, resentment at America, might unite Europe. Perhaps nothing else will. In that sense, America's moral and political dominion might conduce to a more peaceful ordering of Europe's political affairs. But, as has been said, that is a too subtle calculation, the historical mind carried to extremities, perhaps to negation. For practical purposes American world leadership is an engaging locution and nothing more; it can be forgotten.

Pax Americana can be established and maintained only by force, only by means of a new, gigantic imperialism operating with the instrumentalities of militarism and the other concomitants of imperialism. That there are certain stirrings in this direction is apparent, though how deep they go is not clear. The talk of the "American Century" is one indication, though vague in expression. That there are those who think it is time

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to tell the world where to get off, and that they will increase in equal measure with American losses, can be forecast confidently. But in light of the last ten years, more particularly in light of the Good Neighbor policy, sustained against the unprecedented strain of the Mexican oil confiscations, it is still more than doubtful that the American people can be won over to a course that is, after all, counter to their traditions. At the close of the war America will have amassed the vastest array of military power the world has known, and power creates its own temptations. There will also be the argument that possession is the surest guarantee against future threat. But a long and costly war breeds its own revulsions, and they will work toward reinforcing restraint. Indeed, it may be argued that there is more danger of imperialism after defeat than after victory. For in defeat the United States would have to safeguard itself against the threat of the establishment of enemy bases on its own continent. It would, almost perforce, have to seek to establish preventive controls, first in the Caribbean area and then beyond; and then it would find that outright hegemony was the only insurance against penetration from Europe and Asia, against the setting up of puppet régimes, with strings in the hands of Axis governments. The same would apply to insular territories in the waters off both coasts; and conquest breeds appetite for more conquests. Victory, however, would lend security and thus absolve from the appeal of aggression as a measure of defense.

Whatever may be the tendencies and inclinations, it must be emphasized that if America seeks to dictate to other Powers their actions and policies, it can do so only by maintaining a preponderance of power manifested in extension of political and economic control, whether dominion be desired for its own sake and out of lust for power or for a purpose conceived to be social. The way to dominion is through empire and the price of dominion is empire, and empire generates its own opposition. It is conceivable that empire could be forced on America; it is conceivable that America might drift into empire, imperceptibly, stage by stage, in a kind of power-politics gravitation. But in the light of all recent history he who would consciously, delib-

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erately elect that course is either unread, incapable of deductions from his reading or perverse. No nation today can aspire to a higher ascendancy than Great Britain had attained in the latter part of the nineteenth century — not even a victorious Germany and Japan, for then there would be two of them— and Great Britain's fate in the last generation, in which it has lost freedom of will and been driven by forces not of its own making and beyond its control, offers a lesson that needs no demonstration.

We come now to the second course proposed, that of withdrawal as of 1919 or return to the status quo ante-1939. This would mean signing a joint or separate peace treaty and retaining full freedom of action as before. The present menace would be laid; America would again be free of threat. To anyone not masochistic this would no doubt be preferable; no one wholly normal would want a repetition of these last years. Yet if precedents mean anything, then all that would be gained would be a period of temporary and probably deceptive immunity. Twice in one generation America has been drawn into a world war not of its own making and concerning it only at one remove, in the second instance against a conscious, reasoned resolve to have no more to do with Europe's internecine feuds, as witness the so-called neutrality laws of 1935 and after. If there are any conclusions to be drawn from experience, one can say now that America would be immune only until the next European war began.

This is not to make play with the cliché that there is some implacable law of nature whereby America is drawn into Europe's wars as by a kind of gravitation. There is no evidence to that effect and the arguments based thereon derive their weight from frequent repetition. But there is a compulsion almost as irresistible, arising from two sources. First, America by virtue of its productive power is, or can be, the weight that tips the scale in any major war sufficiently prolonged. Second, America does not really want to keep out of European wars, if there is any danger that the side to which it is antagonistic will win. Either is enough to involve America

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in any major European war; the two together make involvement almost certain.

As to the first, the experience of the war of 1914-1918 offered an impressive hypothesis and the present war an irrefutable conclusion. In the earlier war America persisted in selling military supplies to Great Britain and France, the supplies without which they could not have held out against Germany; Germany retaliated with unrestricted submarine warfare, for otherwise it would lose, almost by default; America declared war. Drawing the obvious lessons from that experience, America sought to avoid a repetition by enacting the Neutrality Law. The sale of arms and munitions to belligerents was forbidden, as was the granting of credits. Thus America would avoid putting itself in the way of retaliation by the belligerent handicapped by provision of weapons to its enemy, and at the same time America would avoid contracting a vested interest in the victory of one side. Then war came in 1939, and the position America found itself in was this: if it abided by the Neutrality Law and refrained from selling to either belligerent, Great Britain and France were doomed or, perhaps more important, Germany would be supreme in Europe. If it changed the law so as to open American production to whichever belligerent had free use of the seas—England, of course—German victory would be made more difficult, if not impossible, thus inviting repetition of 1917.

Now, had America been indifferent to the result in Europe, had it been either emotionally disengaged or intellectually convinced that its own security would not be jeopardized no matter which side won, it could simply enough have declared itself out, cleaved to neutrality and let come what might. It did not. In the first place, it did see a potential threat to itself in a German victory, and, in the second place, it was not and could not be emotionally detached; and of these two the latter counted for more. Though preferring neutrality, it could not be nonpartisan, and the desire for neutrality was not so great as partisanship. With the support of public opinion, the Neutrality Law was first modified and then repealed; destroyers

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were traded for bases; lend-lease was enacted. The rest we know.

There is no logical reason to anticipate any other result in any future war in which the principal European Powers are engaged. (The Far East can be passed over at this point, because there the issues are more mixed; there is a more direct American national interest as well as an emotional preference.) If one reads closely a study of the problem of neutrality such as Philip C. Jessup's *Neutrality: Today and Tomorrow* (published in 1936), one can see that the preservation of neutrality by some such device as a league of neutral states is not beyond possibility. It would be extremely difficult, perhaps destined to fail, but not inherently impossible *provided the desire to remain neutral were present.* This is to say: if there were genuine and unshakable indifference to which side won in any war. There is no reason to believe that that condition will be more likely to obtain in any future war between great European Powers than it did in the last two wars. Two demonstrations in a generation ought to be conclusive. The resolve to keep free of Europe's blood-lettings can never be firmer than it was between 1919 and 1937, and at the first test it was dissipated. It will be dissipated again. To sign the peace treaty at the close of this war, leave Europe to its own devices and count the world well lost will give us, not escape from war, but reprieve. The reprieve will be valid only for the duration of the peace.

By the same reasoning the third course, that of complete seclusion, has little to commend it as a practical policy. At the best, seclusion would be costly. The cost would indeed be prohibitive unless there were simultaneously a re-ordering of the domestic economy, at the very least on the scale of the proposals in Charles A. Beard's *Open Door at Home.* To cut off foreign trade on the day of the outbreak of war, which is what would be required by any real neutrality legislation, is not enough. The anatomy of an industrialized economy is too delicately articulated for surgery so rough. So sudden a shock cannot be sustained. The dispensability of foreign trade and foreign raw materials must already have become the norm. In other words, the economy must be reorganized, which is tantamount to say-

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ing that the social system must be recast. Without prejudice as to the necessity or desirability of recasting the social system for reasons cutting even deeper than the problem of maintaining neutrality, it will not be recast just to avoid the danger of war. Inertia is too massive, vested interests are too deeply entrenched. Moreover, emotional allegiances would not be affected. Partisanship would not be allayed, if another European war broke out. We should still want to keep out of war, but not enough to keep out if the war seemed likely to go in a direction deemed inimical to our interests and obnoxious to our preferences. Is there, however, any real point in arguing the merit of our cutting ourselves clear of the world, when it is patent that we shall not do so? Demonstrable as it may be that we *could* do so, is it not self-evident that we shall never want to do so, that seclusion from Europe politically, and therefore economically, will be deemed too big a price to pay for exemption from the risk of war? The force of tradition is too immovable, the momentum too great, the psychological pull too irresistible. Genuine isolation, meaning substantially seclusion, which alone would serve, is a subject for college debates, not for practical politics.

This leaves, as the two practical courses from which to choose, participation in an international organization having jurisdiction over national acts, and participation in power politics in the traditional mode. Now, with respect to international organization, it is easy to foreclose the question by unwarranted assumptions. It must be asked whether there will be any such organization and whether America will or should be willing to join. The former will be, at least in part, conditioned by the latter. Whether in point of fact there is sufficient support in this country for joining such an organization has already been touched on. But support could be increased or decreased according to the nature of the peace treaty and the effectiveness of the case then made for joining. It is better, therefore, to ask in advance what the support now constitutes, to test it for substance and solidity. As was said in the beginning, much of it is a manner of speaking, an unexamined liberalism, a kind of intellectual caste mark or an evasion in generalities.

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Now, in any dispassionate examination of the tragic events of the last generation and the forces that released them, the conclusion cannot be escaped that if the problem of war is to be solved at all it can be only through some international organ having jurisdiction over the conduct of nations. It is clear that no other agency can serve. The concept of sovereignty, as held in the nineteenth century, and peace cannot long co-exist. There can be devices in postponement, as, for example, attempts to maintain a balance of power. More probably these are supererogatory. They are effective as long as the stronger nations do not feel themselves powerful enough to precipitate war with assurance of success. In other words, there would be peace even if there were no such devices, even if there were no presumptive balance of power. All of these devices, all the instrumentalities of diplomacy, negotiation, treaty, bargain, *si vis pacem para bellum*—all can postpone war, not prevent it. All of them have been ineffective before; they will be ineffective again. It is not necessary to leap from a window twenty times to know that if one leaps, one falls. Peace may or may not be the highest human value; there may or may not be times when peace is not the most desirable human condition; but if peace is the end desired above all else, it can be attained only if the acts of the groups called nations must be submitted to review by an organism in which all are an integral part, and which is endowed with power to enforce judgment as decisions at municipal law are enforced. All other issues in international society may be subject to controversy; this is not. There is no other reading of history since the Napoleonic Wars for which a valid case can be made. It may be that the end cannot be attained by these means. If not, it cannot be attained at all. Then war must be accepted as endemic, as in the nature of things, as conception and birth and growth and death are in the nature of the human species. In that case it is not magniloquence to say, war being as it is in a mechanized society, civilization as we have known it, at least since the Renaissance, cannot perdure. But to that resignation we need not come yet.

This will seem commonplace enough to the vocal advocates of an international order. That national sovereignty must be

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overridden has itself become a kind of commonplace—so much so as to be a bit dubious. Do those who say that they want American incorporation into an international system and the abandonment of sovereignty really mean it? Do they mean, then, that final decision on the rates of the American tariff should rest outside America, that final decision on how many Southeastern European immigrants shall be admitted into America should rest outside America, that interpretation of the Monroe Doctrine shall be made outside America? If they do not, then they do not believe in abandonment of sovereignty or in incorporation into an international system. One wonders sometimes, as the sentences flow by in smooth neat generalities, whether they really do, whether they have ever translated generalities into concrete application. All this is said without prejudice. Surrender of final voice in the duty on cotton textiles and typewriters is not too high a price to pay for exemption from having to send American boys into the malarial jungles of Africa and fever-ridden tropical islands. But it is the price, and except against the full recognition that it must be paid, advocacy of world order is verbiage emptied of meaning.

The question need not be over-forced. The choice is not necessarily between absolutes—everything or nothing. The immediate consignment of full sovereignty may not be required. What is required as the irreducible minimum is the right of judgment on any act by one nation jeopardizing the safety of another and the execution of judgment by the combined force of all nations which are members of the system. Nor is the definition of jeopardy so abstruse as it was made to appear when no nation wanted to be trammeled, when the object was to avoid precedents that might prove embarrassing later. The definition also need not be in overrefined precision in advance. If there is genuineness of intent, it will be worked out in the test and laid in cumulative precedent. In the same way the scope of the system — at the very beginning —whether universal or regional, the mechanism of application, the details of organization and administration, need not be determined at once. Quite likely it is impracticable to

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institute any international system in full force immediately after the peace. Quite likely the expansion of function from the joint execution of the post-war tasks of rehabilitation is the healthier way. Thus the habit of common action can be formed and with repetition become a reflex. It is perhaps better that no new League be instituted immediately on the cessation of hostilities, with a Covenant full-sprung from the brow of some American political scientist with evangelical leanings. It would be adopted, of course. No nation will want to say America nay at that moment, if what is involved is only documentary. In that case it will be as last time: a sop given to incorrigible American idealism in matters remote from America.

These are questions of details, however, unimportant variations on principle. That they are taken seriously now and hotly disputed stems from misconception of the causes of the failure of the first League. The League did not fail because of any deficiencies or defects in its organic act or in its organization and administration. Bagehot said of American beginnings that the men of Massachusetts could have worked any constitution. So, too, the Covenant could have been worked, had there been any desire to work it. The refined polemics on the unanimity clause, the definition of security, the precedence of Article This or Article That are interesting intellectual exercises, admirable as dissertation subjects for aspirant political scientists; but they are irrelevant. What mattered in the Covenant was that no great Power believed in it. It was adopted without good faith and executed without honesty of purpose. No Power was willing to surrender autonomy of decision. No Power was willing to enforce checks on others, lest checks be imposed on it at some future time. Had there been any genuine desire to lay injunction on Italy at Corfu or on Greece (as agent for Great Britain) in Turkey or on France in the Ruhr or on America in Nicaragua or on Japan in Manchuria or on Italy in Ethiopia, there was nothing in the Covenant to inhibit doing so. Nor was the lack of prior allotment of military contribution to the joint action an insuperable objection. The force could have been arrayed in time, had there been any de-

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sire to array it. The textual, procedural explanations are contrived and trivial. There is only one explanation: no one having power of decision wanted international control, wanted a League of Nations.

So long as that is true, there will be no international system, no check on national excesses, no deterrent of aggression, no effective prevention of war, whether after this war or ten more wars, regardless of what is inscribed in documents duly and ceremonially signed. The first prerequisite, the main prerequisite, perhaps the only prerequisite is genuineness of intention. Given that, the details of organization and procedure, of method and time of installation will fall into place with experience. If that be given, there may be some prospect of avoiding a repetition of that which has happened twice in one generation. If adherence by America constitutes an abandonment of a fundamental principle of American thought, what may almost be called a first principle of its national being, participation in the wars of European coalitions does so no less. To the Founding Fathers the two would have been equally inimical. The dictate of experience is that it is no longer possible to escape both. The one must be accepted or the other.

If for America it is too violent a wrench to plight its fate with Europe's, even to the extent of joining in collective efforts to prevent war, and at the same time it is clear that America cannot keep out of war in Europe, then only one course is left. If war cannot be prevented and America cannot keep out of wars, it is the part of rudimentary wisdom to plan to fight them effectively, to win rather than to lose, and to win at the lowest cost in human suffering. This means preparatory measures to safeguard national security—military measures in the form of a larger permanent military establishment, diplomatic measures in the form of alliances with other Powers having common interests and military strength. In the concrete this means contracting immediately after the conclusion of the present war an outright, unconditional offensive and defensive alliance with Great Britain. In this alliance Russia and China might be included later, according to circumstances.

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There need be no illusion about what follows. Alliances induce counter-alliances, and opposing coalitions maneuver for position, always looking to one end: advantage in the conflict that will one day come. Maneuvering carries all the accompaniment of power politics, not just during a war, as now in America's case, but from the end of one war through the duration of the peace to the beginning of the next war. It becomes the unvarying constant in the nation's life. To it must be accommodated and sometimes subordinated everything else in the nation's life. This is what America has escaped so far and by so much it would constitute a confession of failure, a renunciation of one of the formative aspirations running through the nation's history. Also it would be no less an abandonment of the first principle of the nation's being than formal adherence to a European political system. It would, indeed, be a more illogical one, since it would mean incorporating the nation into the historic and deadly European war system rather than joining with other nations in the hope of ending the war system. Yet the times have put on America an iron constraint to choose. If it is not to shut its eyes and drift on a tide of events, bereft of any control over its fate, it must do one or the other: join in whatever organized effort is made to prevent war, though the price be restriction on its autonomy, or enter into power politics, with all that that carries with it. Reduced to baldest terms, the choice is this: international organization of some kind or alliance with Great Britain. And as between those two, on the coolest, unillusioned, rational calculation and without any weakness for the rhetorical or callow faith in formulae, one's judgment must be: the second if necessary, but only after every effort is made to bring about the first. The second is the counsel of despair; in the first there may be some hope. At any rate it is the only hope now visible.

NATHANIEL PEFFER

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LABOR LAWS AND WAR PRODUCTION IN THE UNITED STATES

LITTLE more than seven months after Pearl Harbor, the leading federal governmental agencies concerned with war production issued a joint statement indicating their belief that the efficiency of the war effort depended in no small measure on the maintenance of certain safeguards for the health and welfare of industrial workers on the production front. On July 28, 1942, the War, Navy, Commerce and Labor Departments, the War Production Board, the Manpower and Maritime Commissions, and the United States Public Health Service joined in reiterating the President's expressed request for maximum production on a basis of seven days a week, twenty-four hours a day, but emphasizing the fact that, though machinery could be used on a round-the-clock and non-stop basis, manpower could not be so used. Efficient production could be secured, they stressed, by a work week not longer than 48 hours, one scheduled day's rest in approximately every seven for all employees, a vacation period, and at least one-half hour for lunch in the middle of each work shift.[1] The idea was based on considerable British and American experience indicating that there is a breaking point beyond which industrial workers cannot be pushed, by lengthening their hours of work or neglecting necessary industrial safeguards, without a decrease in productive efficiency. In England, after the bitter tragedy of Dunkirk, men and women began to work 60, 70 or 80 hours a week or even longer, without any weekly day of rest, until it became apparent that the increased hours were not leading to a proportionate increase in production and were causing an increase in absenteeism. So the British authorities began to require observance of the work hours laws and to grant

[1] Washington *Post*, July 28, 1942. The further suggestion was made for a joint move by either locality or industry or both to cease offering overtime wages high enough to stimulate the desire for longer hours.

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exemptions from them only after investigation and upon assurance that reasonable hours schedules and adequate rest periods would be observed. Commenting on the effect of a factory routine of 12 hours a day for a 7-day week, a British parliamentary committee reported:

> Absenteeism became much more common and men arrived late for their work. . . . In the Royal Ordnance Factories absenteeism rose from 10 to 15% and at the end of July it was decided, wherever possible, to discontinue Sunday labour and very often Saturday afternoon as well. The result was immediate. Time keeping improved and production did not suffer. The subcommittee was told of one factory where, after the reduction of hours, they set up a new record for one week's production." [2]

The latest British study, made by the Industrial Health Research Board of the Medical Research Council, after surveying fifty plants in which 200,000 workers were employed, reports that men should not work longer than 60 to 65 hours a week and women not more than 55 to 60, and that a 65-hour week does not increase output and is probably injurious to health and productivity.[3]

In the United States, experience has apparently confirmed the necessity for maintenance of labor limitation on behalf of the efficiency of the worker, if for no other reason. Excessive hours of work without rest, the split shift, abnormal atmospheric conditions, defective lighting, noise, monotony, awkard posture and movements are among the causes of overfatigue which in its turn is reflected in decreased efficiency in production. The

[2] *Third Report from the Select Committee on National Expenditure*, Session 1940-1941, Great Britain, Parliament. *Cf.* also *Report on Welfare and Health in Relation to Hours of Work and Output in Wartime*, British Association for Labour Legislation (London, 1940); *Industrial Health in War*, Emergency Report No. 1, Medical Research Council, Great Britain (London, 1940); *Hours of Work in Relation to Health and Efficiency*, New York State Department of Labor, Division of Women in Industry and Minimum Wage, 1942, pp. 1-4; Perkins, Frances, "State Labor Laws in Wartime", Address before Federal-State Conference on War Restrictions, May 5, 6, 7, 1942 (mimeographed).

[3] "Science News in Review", Waldemar Kaempffert, *New York Times*, Sept. 6, 1942.

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question that has proved difficult to answer is just where the point of overfatigue begins, and *what* standards are necessary to maintain—how many hours, for example, a person can work on an assembly line before the point of diminishing returns sets in because of fatigue; how much night work a woman can do efficiently and without detriment to health; and at what age young people can enter war production without jeopardizing their future welfare too greatly. In the spring of 1942 Princeton University conducted a survey of industrial experience and opinion in war industries in the United States to help ascertain what are the maximum hours per day or per week that individuals can work regularly and constantly and yet maintain their highest productive efficiency. According to answers received from 140 companies with approximately two million employees in late January and February 1942, the majority answer to this question proved to be approximately 8 hours per day, 48 per week, with one day of rest in seven.[4] The experience of certain factories seems to prove the validity of the need for at least one day of rest each week.

Federal laws for the most part are concerned with hours of work only as related to overtime wage payments. Thus, for example, the Federal Fair Labor Standards Act requires time and a half payment for all hours more than 40 worked in one week[5] but contains no limit as to the total number of hours which may be worked; the Public Contracts (Walsh-Healey) Act of 1936, applying to all government contracts amounting to more than $10,000, requires overtime rates to be paid at time and a half after 8 hours a day and 40 hours a week;[6] the 8-hour-day law for laborers employed on federal public works also requires payment of time and a half after 8 hours a day.[7]

[4] *Optimum Hours of Work in War Production,* Princeton University, Department of Economics and Social Institutions, Industrial Relations Section (Princeton, 1942); Perkins, "State Labor Laws in Wartime", p. 5.

[5] 29 U. S. C., Secs. 201-219, as amended by Act of August 9, 1939, C. 605, 53 Stat., 1266, and Joint Resolution of June 26, 1940. Pub. Res. 88, 76th Cong., 3d Sess.

[6] 41 U S C., Sec. 35.

[7] 40 U. S. C., Secs. 321-326, as amended by Public Act No. 78, 76th Cong., 3d Sess.

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It is on state laws that legal standards of protection for workers for the most part depend. If not the proverbial 57 nor yet 48 varieties, there are, nevertheless, many widely differing standards of labor law. The chief ones involved in the program of war production have been those restricting child labor, or designed primarily to protect the health and welfare of working women, such as acts forbidding or limiting night work for women. Laws concerned with daily and weekly hours of work, usually applying to women alone, but, as in the case of North Carolina, applying to men as well,[8] and one-day-of-rest-in-seven laws, also applying to both sexes, offered potential obstacles to limitless hours of uninterrupted labor in war production. A few other acts fell into the same category, such as those requiring and regulating meal and rest periods, those limiting or regulating hazardous production, and those calling for given structural requirements in buildings, boilers, etc. However, many if not most of the state hours laws allow more hours than are thought wise in modern standards of labor legislation, as, for instance, the laws of Maryland and Delaware[9] limiting women's hours to 10 a day and 60 a week. Twenty-five states allow women to work more than 48 hours a week and 10 of these permit more than 56 hours a week, including 5 states with no limitation whatsoever, even for women. In the other states the law prescribes a maximum of 48 hours, except Oregon and Pennsylvania,[10] where special permission is necessary for more than 44 a week, and Ohio,[11] where a 45-hour week is allowable in manufacturing. In 11 states special permission is needed to employ women between certain hours at night, and in nearly all the states a weekly day of rest is re-

[8] The legal limit is 48 for women and 55 for men. North Carolina, Ch. 406, as amended by Ch. 409, Laws of 1937.

[9] Maryland Annot. Code 1939, Art. 100, Sec. 53. Delaware Code 1935, Secs. 3592, 3594.

[10] Oregon Compiled Laws, Annot. 1940, Secs. 102-323. Pennsylvania Laws 1937, amending Act 466, Laws of 1913.

[11] Ohio Code 1940, Sec. 1008-1, Sec. 1008-2, amended by House 351 and Senate 135, Laws of 1941.

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quired for women and minors and in 8 states for men as well.[12]

Soon after Pearl Harbor, state labor departments and employers and workers alike began to realize that an "all-out" war effort might find certain obstacles in state labor laws, particularly in those forbidding night work for women. The state administrators, conscious of the threat to uninterrupted war production and yet equally conscious of the importance to democracy of standards so painfully achieved over a long period of years, began to cast about for ways which would allow relaxation but not abdication of those standards. The first question was what constituted "war production". In Rhode Island, for example, a telegram reached the State Department of Labor soon after Pearl Harbor to the effect that a concern manufacturing fine fabrics for the Navy could not complete its government work if women employees could work only the 48 hours allowed by law.[13] The factory had an order from the Navy urging it to run 24 hours a day and 7 days a week to the exclusion of production of civilian goods. The State Department of Labor learned, however, that less than 40 per cent of the employees were working on the Navy cloth and that the company thought it necessary to employ this 40 per cent for 56 hours for a 7-day week, allowing the other employees to continue to work 40 hours on civilian fabrics. An internal factory adjustment allowed the concern to continue with its same staff and to run the looms 7 days a week for the Navy but to have the workers who had been employed on the manufacture of civilian fabric run the Navy looms one additional day to bring their hours up to 48 a week, while those working 6 days a week on these looms were given one day's rest. It is therefore essential to determine what constitutes war production in relation to labor standards. Among others, the New York State War Emergency Dispensation Act of the spring of 1942 refuses

[12] "State Laws Prohibiting or Limiting Night Work for Women Which Might Affect Defense Industries" (mimeographed), U.S. Department of Labor.

[13] Rhode Island Gen. Laws 1938, Ch. 285, Sec. 20, amended by Public Laws 1939, Ch. 660, Sec. 150. The entire story is printed in *Labor Standards*, vol. V, No. 2, April 1942, pp. 33-34.

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to allow loopholes for evasion and so defines the meaning as follows:

> "War work" shall mean work in producing articles or materials on or for contracts for the United States army or navy, or for any other agency of the United States or of the associated powers of the United States, or work in performing other services related thereto and necessary for the successful waging of the present war.[14]

Such definitions may prevent an attempt such as was made in Rhode Island in the spring of 1942 to have a laundry doing washing for navy wives classified as an essential war industry.[15]

The immediate effect of the attempt begun in December 1941 to get war production under way on a basis of 24 hours a day and 7 days a week was to cause considerable confusion among employers, employees and the public generally. Many people thought that continuous operation of a plant for war purposes necessitated continuous work by individual employees. To try to clear up some of the difficulties of the situation, the Secretary of Labor telegraphed the governors of all the states on December 20, 1941, as follows:

> The War and Navy Departments have assured me that they have not requested any blanket suspension of State laws and that their only interest is to maintain production at the maximum in the essential war industries. This Department is cooperating with the War and Navy Departments in devising machinery to confine exemptions to specific cases where required for war production.[16]

On call of the Secretary of Labor representatives of labor departments of sixteen of the chief industrial states met in Washington on January 5, 1942, with representatives of the War, Navy and Labor Departments and the then existing Office of Production Management. It appeared at this conference that many states were faced with requests for exemptions from

[14] New York Laws 1942, Ch. 544, Art. VIII, par. 79.

[15] *Labor Standards*, vol. V, No. 2, p. 34.

[16] Mimeographed release, U. S. Department of Labor.

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their labor laws, and that in those early days at least many of the requests were not for bona fide war work. On the other hand, some of the states were finding that their labor laws in certain aspects at least would, if enforced, curtail real essential war production.

The conference went on record as believing that "the sole test" of labor standards today must be their relation to the efficiency of the individual to insure top war production and as desiring the maintenance of state laws embodying the following basic principles unless maximum war production necessitated their modification:

1. A maximum 48-hour week,
2. An 8-hour day, or the daily hours customarily worked in the particular establishment, industry or community,
3. One-day-of-rest-in-seven,
4. Adaptation of the hours of labor and working conditions to the age and sex of the worker and the nature of the occupation,
5. Adequate meal and rest periods from continuous work,
6. Proper safeguards for health and safety,
7. Equal wage rates for men and women.[17]

Shortly thereafter the Secretary of Labor issued a statement, concurred in by the Secretaries of War and Navy, that machines must be kept running continuously regardless of the sacrifices entailed; that shortage of labor might require relaxation of accepted standards, but that the period of such relaxation should be shortened as much as possible by converting machinery, recruiting and training labor for additional shifts, and using every means to assure a return to normal standards; and that reasonable hours, fair working conditions and a proper wage scale are essential.[18]

Six months later, on July 18, 1942, a second conference of state labor officials met in Washington at the call of the Secretary of Labor to review the experience of the preceding months. Representatives of seventeen industrial states had been invited

[17] *Labor Standards*, vol. V, No. 1, January-February 1942, p. 2.

[18] Perkins, "State Labor in Wartime"; pp. 3-4.

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to attend the meeting and fourteen accepted—Connecticut, Delaware, Illinois, Kansas, Maryland, Massachusetts, New Hampshire, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, Virginia and Wisconsin. It appeared that in the period intervening between the two conferences twenty-two states had made 2,446 exemptions from their statutory labor standards and had denied requests for 411 more. Every state prohibiting women's night work had permitted whatever variation was necessary to arrange for multiple shifts to operate the factory engaged in war production throughout the whole 24 hours.[19] The important fact that came out generally was that in no state had there been wholesale or blanket granting of relaxation from existing labor standards, but that each case was decided on its individual merits. For instance, in one state with a 48-hour law for women an application for a work week of more than 48 hours was denied in cases where the war need was not established, but a week of 72 hours was granted for a period of ten days in order to allow the manufacture of serums to be completed by a specified mailing date.[20] Most of the permits for variation from the legal standards were for short periods, in some cases for only one or two days or a week. Night work laws for women had proved the most serious obstacle to the war effort and all states but one had arranged for at least their partial relaxation.

Those states in which the legislature amended particular labor laws to provide for emergency exemptions or suspensions really made what amounted to a blanket relaxation of standards in a particular field. A Kentucky act, for example, suspends on public works, until the President declares the national emergency to be at an end, statutory provisions for basic workday and week, with time and a half for overtime.[21] Another law of the same state defers the observance of all holidays other than Independence Day, Labor Day and Christmas for the

[19] *Labor Standards*, vol. V, No. 2, p. 35.

[20] *Ibid.*

[21] Kentucky Sen. Bill 143, approved March 11, 1942. *Labor Standards*, vol. V, No. 2, p. 38.

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duration of the war.[22] The South Carolina legislature amended the act forbidding Sunday work in factories to allow women to work on Sundays in mercantile or manufacturing establishments and to allow labor on Sundays for all employees in textiles, if proof is furnished that the industries are engaged in producing or processing goods for the war effort, under government contract.[23] In New Hampshire, a law of 1942, with similar intent, makes the maximum hours and one-day-of-rest-in-seven laws inoperative in time of war.[24] This type of arrangement does not appear to be sufficiently flexible to be of great value in a set of rapidly changing conditions.

At the opposite pole is found the situation where observance of the law is omitted in view of the war circumstances. In Indiana, for example, the labor law prohibits the employment of women in manufacturing from 10 P. M. to 6 A. M.[25] No power exists outside the legislature to change those standards in any way. The realization that a three-shift system could not be instituted in the absence of modification of those standards made the Adjutant General of the state issue an announcement on January 8, 1942, that, while the country is at war, the night work laws would not be enforced against employers whose women employees are at work in the production of materials needed for national defense.[26]

Such a procedure raises questions as to the status of employers who apply for exemption from the statute and have their application granted by the State Department of Labor. Are employers safe from prosecution under a penal statute which no one except the legislature has the authority to repeal or suspend? Although officials of the Department charged

[22] Kentucky Acts 1937, No. 326, as amended 1939, No. 204, Gov's No. 904, Laws of 1942.

[23] South Carolina Gov's No. 904, Laws of 1942. Sen. Bill No. 936, Gov's No. 903, Laws of 1942. Sen. Bill No. 937, March 19, 1942.

[24] New Hampshire Public Laws 1926, Ch. 176, Secs. 14-18, as amended by Chs. 36 and 200, Laws of 1937; Laws of 1933, Ch. 130, as amended by Ch. 129, Laws of 1937, as amended by Ch. 181, Laws of 1939 and 1942.

[25] Burns' Indiana Stat. Ann., Ch. 68, Acts of 1933, Sec. 40-903.

[26] Release of Labor Commissioner, January 1942.

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with the enforcement of such a law may take the position that they will not enforce the act, because of circumstances growing out of the national emergency, there can be no guarantee that at a future date enforcement proceedings will not be undertaken.

Despite its obvious disadvantages, there are important advantages in such a failure to enforce the law during a period of emergency. In states where the legislature meets only biennially, no legislative action can be taken for such a long period of time that the crucial days of the war may possibly be past before legislation can be undertaken. Even more important for the preservation of the existing gains of labor law is the fact that legislative action may be an entering wedge to break down labor standards altogether. In Ohio the law for women workers is mandatory and gives no authority for relaxation in regard to either hours or night work,[27] so only legislative action can legally allow modification. Yet it became obvious by December 1941 that a move was under way to break down the legal standards for women in war plants. As the legislature did not meet regularly in 1942, pressure was brought on the Governor to grant special permits.[28] Granting these exemptions appeared safe, if done under safeguards, and by July 1942, 361 requests had been received, of which 146 had been granted and 216 refused.[29]

The serious blow which labor legislation may receive, if the way is opened to legislation at all at this time, is seen in the case of Louisiana. On July 7, 1942, the legislature vested full power in the State Commissioner of Labor to grant dispensation for a limited period from any state labor laws which might interfere with maximum possible production in war work.[30] Only four days later, the legislature, while retaining the legal

[27] Ohio Code 1940, Secs. 1008-1, 1008-2, as amended by House 351 and Sen. 135, Laws of 1941; Code of 1940, Secs. 12,996, 12,997.

[28] *Bulletin*, National Consumers' League, Summer 1942.

[29] *Labor Information Bulletin*, July 1942, pp. 8-9. Of those granted, a large number were in foundries and machine shops, while the service industries of a bank, a telegraph and an architectural firm had received one permit each.

[30] Louisiana Act 41 (H. 107), approved July 5, 1942.

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48-hour, 6-day week, repealed the 8-hour-day provision for women in an extensive list of occupations and reënacted for a similar list of occupations a basic 8-hour day with overtime permitted up to 10 hours at time and a half [31] for a period ending 60 days after the end of the present war, and reduced the required meal period for women in establishments employing three or more women to 30 instead of 45 minutes. Furthermore, the processing of sugar cane and sorghum and office work in certain industries were added to occupations exempt from the hours law, both for the present and in time to come, in peace as well as in war.

How, for the most part, has relaxation been granted? The means for its accomplishment were found in the authority vested in certain state labor commissioners to vary or to dispense with [32] particular legislative requirements in some instances. This power of dispensation has been defined as "the power of an administrative agency to make exemptions, variations and extensions in connection with one or more provisions of a given statute, in a particular case or class of cases, when in the discretion of the administrative, circumstances, usually exceptional in character, warrant such dispensation; provided the exercise of power does not violate the terms of its creation." [33] Several states had such provisions in their law long before the onset of war. New York, for instance, has long granted the State

[31] Louisiana Act 183 (H. 860), approved July 11, 1942.

[32] There is no substantial difference between a *variation* and a *dispensation*. The latter is more frequently used to differentiate a temporary emergency grant of power from the peacetime normal exercise of a power of variation. The power of *suspension* has the effect of nullifying the entire operation of a statute so the public might treat the statute as being nonexistent after the exercise of the power. The power of *dispensation* relaxes or modifies the restrictions of a statute in individual cases. *Cf.* "The Power of Dispensation in Administrative Law—A Critical Survey", Note, 87 *U. of Penna. L. Rev.* 201 (1938); "Memorandum of Law Supporting the Industrial Commissioner's Proposal of 'an act vesting authority in the Industrial Commissioner and on appeal in the New York State Board of Standards and Appeals to grant dispensations from certain limitations of the Labor Law in certain cases warranted by the war emergency'", N. Y. State Department of Labor, January 5, 1942, *passim*.

[33] Note, 87 *U. of Penna. L. Rev.* 205 (1938).

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Board of Standards and Appeals power to vary the requirements of the one-day-rest-in-seven act as long as the employer can prove undue hardship because of its operation.[34] A similar power has long since been of use in cases of necessary modification of the law concerning structural requirements for factories located in that state. In the early months of the defense effort comparatively little use was made of these powers for war purposes. In the six months ending October 1941, petitions from nineteen companies were filed with the Board of Standards and Appeals.[35] These requests came from war industries, such as manufacturers of airplanes, marine engines, and other materials for the Navy and shells, tools and dies, aluminum and electrical products used in defense industries.

In Wisconsin the labor law has long allowed the Industrial Commission of the state to modify or relax labor standards in individual cases. As early as 1911, a maximum 10-hour day and a 55-hour week were prescribed by legislative action for women's day work in factories, and a maximum 8-hour day and 48-hour week for night work done after 8 P. M., and forbidding night work for women more than one night a week.[36] Only two years later, the legislature enacted an amendment forbidding any women to be employed "for such periods of time during any day, night or week as shall be prejudicial to their life, health, safety or welfare." The Industrial Commission was given power to fix by general or special orders such periods of employment for women as "shall be necessary to protect their life, health, safety or welfare."[37] Other states, such as California, Washington and Oregon, have followed the same pattern and have similarly wide powers of variation vested in their labor departments. Yet even such broad powers of dispensation were apparently insufficient to allow for the flexibility necessary when the war avalanche

[34] Cahill's Consolidated Laws of New York, 1931, Ch. 31, Sec. 161, as amended.

[35] Radio Speech by Commissioner Frieda S. Miller, Station WNEW, October 30, 1941 (mimeographed).

[36] Wisconsin Laws 1911, Ch. 348.

[37] *Ibid.*, as amended by Laws of 1913, Ch. 381.

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descended on the United States. In order to maintain existing labor standards as far as possible and keep them on the statute books, but nevertheless allow for their modification where necessary for the war effort, in certain states the dispensing power was enlarged beyond any previous use. In New York in December 1941, for example, Governor Lehman summoned a conference of leaders of industry, labor and the state legislature, who agreed to permit the Industrial Commissioner of the state to grant dispensations from more of the state labor standards than had been previously allowed. When the legislature convened in January it confirmed this action retroactively, and on April 27, 1942 gave final statutory delegation for the future by enacting the New York State War Emergency Dispensation Act.[38]

Under this act the Industrial Commissioner is authorized to grant dispensation or variation provisionally, prior to investigation, for a period of a month. Where subsequent investigation shows that relaxation is necessary for maximum war production, dispensation may be permitted for six months before reconsideration by the Commissioner. The act permits variations from any labor laws for all workers 18 years of age and over; those under 18 are bound by the same legal restrictions as before. So boys and girls 16 and 17 years of age may work for as many as 48 hours a week; boys may be employed between 6 A. M. and midnight, and girls until 9 P. M., 6 days a week; children of 14 and 15 may be employed under the same restrictions as before, when school is not in session.[39]

Even such broad powers of dispensation are generally thought to be constitutional, as long as the delegation which they establish is circumscribed by definite standards established by the legislature.[40] The power, nevertheless, is often between

[38] See *supra*, note 14. Two amendments were subsequently enacted, one providing for appeals to the courts in addition to the State Board of Standards and Appeals and the other providing for dispensations from the sections of the labor law dealing with public works.

[39] "Supporting Memorandum on The War Emergency Dispensation Act", January 7, 1942 (mimeographed).

[40] *Cf.* Intermountain Rate Cases, 234 U. S. 476 (1914); Gorieb v. Fox, 274 U. S. 603 (1927); Panama Refining Co. v. Ryan, 293 U. S. 388 (1935);

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Scylla and Charybdis; for if it is a broad delegation which fails to embody a definite legislative policy, the barrier of unconstitutionality will inevitably cause a downfall. On the other hand, if every possible situation is envisaged in the statutory grant, it will be so detailed a program that it defeats the purpose of individualization for which the power was originally granted.[41]

The procedure of allowing variations or dispensations varies, of course, from state to state, but all states agree in their opposition to blanket modifications of law and all insist on granting variation only in a special instance on a showing made to the state labor department. In all cases the Army and Navy are coöperating with the states, in at least some measure, for in June 1942 the Director of the Civilian Personnel Division of the Services of Supply of the War Department issued a directive to the Supply Services throughout the country, stating that no exemptions or modifications of state laws were to be requested by them without first clearing with the liaison officer of the Army and Navy, located in the region,[42] and without presenting a report stating the provision of law the relaxation of which is desired, the extent of relaxation required, the "criticalness" or relative scarcity of the item produced by the particular manufacturer, and the circumstances, such as a local shortage of labor, necessitating the relaxation, together with the remedial action being taken by the manufacturer such as training and upgrading. The Army and Navy will not help in obtaining relaxation of state requirements unless the individual manufacturer has already requested the proper state authorities for relaxation, which must be clearly necessary to maintain

Schechter Poultry Corp. v. United States, 295 U. S. 495 (1935); United States v. Curtis Wright Export Co., 299 U. S. 304 (1936); J. W. Hampton Co. v. United States, 276 U. S. 394 (1927); also Gellhorn, W., *Administrative Law: Cases and Comments* (Chicago, 1939), pp. 225 *et seq.*; Hart, J., *An Introduction to Administrative Law* (New York, 1940), p. 139; Jacoby, L., "Delegation of Powers: A Study in Comparative Law", 27 *Yale L. Jour.* 892 (1918).

[41] Gorieb v. Fox, 274 U. S. 603 (1927).

[42] War Department Headquarters, Services of Supply, Washington, June 1, 1942, SPOC–L, "Memorandum on Procedure on Application for Relaxation of State Labor Legislation Which Restricts Full War Production". Quoted by permission.

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full production and unless the granting of a dispensation will not result in a clearly excessive increase in hours of work, curtailment of rest and lunch periods, or undesirable impairment of working conditions.[43] All of these requirements are, of course, in addition to state procedure. In New York the developments along this line have been particularly clear. An employer makes an application setting forth the nature of the dispensation sought, and his reason for asking it. A factory inspector visits the plant [44] to find out if there are any possible ways of securing full production without resorting to dispensations. The report of the inspector must also include a statement of the available local labor supply as estimated by the United States Employment Service local office, information as to the percentage of war work done by the firm, the occupations involved, the number of workers employed and the number for which dispensation is needed, their training and the length of training period necessary, transportation, lunchroom and sanitary facilities, whether or not the employees are unionized, their wages, their fatigue and health conditions, and whether discrimination has been practiced in the factory.[45] Then the request is presented to a review committee, consisting of one representative each from the Division of Inspection and the Division of Women in Industry and Minimum Wage of the State Labor Department, together with a representative of the United States Employment Service. If the review committee cannot reach a decision from the reports presented, a field representative negotiates with the employer until an agreement is reached. If the review committee believes that a dispensation is necessary, it is granted in whole or in part for a period of

[43] *Ibid.*

[44] By the spring of 1942 the War Council of the state had given the Industrial Commissioner an appropriation to put additional personnel in the field to handle dispensations. Approximately 25 factory inspectors were assigned full time to the task.

[45] *Report on Emergency Dispensations*, prepared by the Bureau of Research, Division of Women in Industry and Minimum Wage on Assignment to the Dispensations Administration (New York, 1942).

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from one to six months. This constitutes the action of the Industrial Commissioner in the case.

Anyone aggrieved by the Industrial Commissioner's decision has the right of appeal to the Board of Standards and Appeals and the decision of the Board shall be final and conclusive on questions of fact.[46] On questions of law, an appeal lies to the courts if taken within a period of twenty days after the Board's decision to affirm or reverse the decision of the Industrial Commissioner.[47] Actually few appeals were taken and by the end of August 1942 only approximately ten cases of appeal had arisen.[48]

In one case involving public works, a difference of opinion arose between the Industrial Commissioner and the State Board of Standards and Appeals. The state labor law prohibits labor on public works more than 40 hours a week or 8 a day,[49] but the War Emergency Dispensation Act authorizes the relaxation of those peacetime restrictions where the Industrial Commissioner or on appeal the Board of Standards and Appeals determines that these restrictions interfere with the speedy construction of public works necessary for the war.[50] Contractors engaged in road building adjacent to new airports being erected by the federal government in the winter and spring of 1942 felt that because of the need for speed they had to require from 54 to 60 hours a week. The Industrial Commissioner refused to grant a variation from the requirement and from the law but the Board of Standards and Appeals differed and granted the dispensation, providing the employers would pay time and a half for all overtime, which they consented to do.

Under this new law the Industrial Commissioner of New York has given dispensations for 7 days a week for both men

[46] War Emergency Dispensation Act, par. 83.

[47] *Ibid.* The provisions for appeal to the courts were incorporated in the amendments of Ch. 618, Laws of 1942.

[48] Letter from Deputy Industrial Commissioner, Aug. 31, 1942.

[49] Sec. 220, Subdivision 2.

[50] Par. 80-a. This section was added as Sec. 5-a to the War Emergency Dispensation Act, Ch. 4, Laws of 1942, by Ch. 571, Laws of 1942, effective April 30, 1942.

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and women, and for work in excess of 48 hours a week for women, and has permitted women to work on the second and third shifts at night. On the other hand, the Commissioner has kept these variations down to short periods of time, and has insisted that the employers review the labor supply, institute training programs and put on third shifts where two had been used before.

By December 1942 it was reported:

> Over 2,500 plants have applied for dispensations from sections of the Labor Law in the period of almost a year since our entry into the war. In all, 6,410 decisions have been made on requests for dispensations from the Law by plants engaged in war production. Only 11 per cent of all applications were denied.
>
> Actions on requests for women's hours dispensations have been greater in number than other types of actions. Nearly 1,100 plants have received such dispensations during the period since Pearl Harbor, and 859 of these plants were granted amendments or renewals to previous favorable decisions.
>
> Authorizations to employ men seven days a week on war work in emergencies were granted to 965 factories during the period of almost a year since Dec. 7, 1941. Renewals have been given to 481 of these plants. Most of these dispensations have not permitted continuous employment without days of rest, but have limited the number of times that men might work the seven-day week.
>
> Permits have been given to fingerprint employees in 1,202 plants, in accordance with the plant security program of the Federal Bureau of Investigation and War and Navy Departments.[50a]

Other states have instituted not dissimilar requirements. In Pennsylvania the Industrial Board has ruled that variations may be granted to the state's 44-hour law for women [51] up to a total of not more than 48 hours, but that not more than 10 hours may be worked in one day, nor may all the work be spread over more than 6 days. Time and a half must be paid for the extra 4 hours beyond the legal limitation. In addition, any employer

[50a] New York Industrial Bulletin, vol. 21, Dec. 1942, p. 427.

[51] Pennsylvania Laws 1937, amending Act 466, Laws of 1913. Industrial Board Rules V2, 4, 6, 7, 8a and 8b, 11, 12, 15.

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who desires a permit to have his women employees work the extra hours must show that labor cannot be found to put at work to fill the existing need instead of extending the shifts, and must also show that his wages for women are the same as for men at the same work. One employer in that state, with plants in other states, has made it clear that the 48-hour standard of Pennsylvania had encouraged him to institute multiple-shift operations on a 168-hour-week basis, while in other states he had been discouraged from using more than one or two shifts.[52]

As has already been indicated,[53] more than 400 refusals had been issued in the various states up to July 1942. Some of the reasons for refusal have been seen, but there are others, of which a few examples will suffice. The New Jersey legislature, acting early in 1942, reduced the statutory meal period required after 6 hours' continuous employment to less than 30 minutes, if the Governor finds that suspension will not endanger the health or productive effectiveness of war workers.[54] By July 1942, over 50 applications had been received for suspension, but the Governor, acting through the State Department of Labor, found none of these to be necessary and refused to grant them on the ground that their issuance would endanger the health and welfare of the workers.

Those who have worked long and hard for the accomplishment of effective labor legislation are inclined to fear legislative tampering with labor standards and to dread the possibility of legislative use of the war emergency as an excuse for wholesale slaughter of those standards. Where there is danger of such action, it appears advantageous to use the emergency powers of the Governor to vary where necessary rather than to throw the whole subject into the arena. On the other hand, proposal of a legislatively granted power of variation may be made by those interested in the preservation of labor standards to keep them on

[52] *Labor Information Bulletin*, July 1942, p. 6.

[53] *Supra*, p. 32.

[54] New Jersey Laws, Ch. 31, Public Laws 1942; *cf. Labor Standards*, vol. V, No. 2, p. 38.

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the books for a future day of peacetime action. Certainly a power of variation granted by a legislature is clearer and on stronger constitutional ground than a mere failure to enforce existing legislation, but practically the very introduction of the proposal of a power to vary may open the way to destruction.

It is too soon to give a final estimate of the true efficacy of the power of variation in regard to labor laws. A number of pitfalls have beset its path. Certain employers have attempted under the guise of war production to break down labor standards by requesting relaxation of standards where it was not justified by the war effort. Unions also have failed to view the situation progressively and on occasion have refused to allow relaxation where justified, as in the admission of women to arc welding where a legal prohibition existed for women in that work. Again, unions have brought pressure to bear to relax the requirements of the one-day-of-rest-in seven law forbidding Sunday work and to allow 7 straight days of work because of the possibility of securing double pay on Sunday, or at least time and a half overtime. Last of all, the Army and Navy have not always been in entire sympathy with the attempt of the states to keep up their labor standards, but have now come to coöperate fully in state enforcement where it does not interfere with the war effort.

Marked advantages, and at least equally marked disadvantages, have been found in the use of the power of variation, and an interesting number of by-products have appeared in conjunction with its development. Statutory relaxation of labor's standards has proved inflexible and ill-designed for dealing with particular situations in the shifting kaleidoscope of the war picture. Statutory relaxation has proved to be a kind of blanket authority for lowering standards which by its very nature cannot take into account the particular circumstances of individual cases. A grant of administrative power for relaxation, on the other hand, has proved an excellent practical device for varying the standards of labor law in special cases of necessary war production where a rigid insistence on statutory standards of labor law might produce real interference with the war effort.

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The power of variation has been used as a kind of lever to introduce such modern labor arrangements as the shift system, proper canvass of available labor resources, the institution of training or retraining programs to fit workers into war work, and insistence on equal pay for men and women doing the same jobs. As has been seen, New York, among other states, has refused to issue variations unless the United States Employment Service is consulted as to the availability of workers for the operations in a plant desiring to extend hours for its individual workers; Pennsylvania, for example, has refused to grant dispensations unless men and women have the same wage scale; Rhode Island and Massachusetts, together with other states, have devised interesting arrangements of the shift system. In Rhode Island, for instance, one company was granted an extension of the women's 48-hour week for the whole duration as a result of working out schedules by which the women workers were given 3 days off every 9 days and then returned to work schedules of 39, 41 and so on up to 51 hours. The results were that the 48-hour standard is broken down only once in every 8 weeks. Production, on the other hand, increased by 75 per cent, estimated in terms of price of sales.

The disadvantages of the power of variation are clear, and it is entirely apparent that a real danger is involved in its use. It carries with it a probably greater breadth of administrative discretion than almost any other administrative power, and so is subject in high degree to the possibilities of abuse. Any attempt to individualize the law by such means inevitably carries with it the possibility of the use of political pressure. Such strong influences may be brought to bear that only a strong administrator will be able to resist. The field of pressure has been transferred from the legislature to the administration.

Because of the breadth of administrative discretion involved in any grant of a power of relaxation, there is every need for both statutory and administrative safeguards. The legislature, however, is in a quandary as to what kind of safeguards to provide. In order to secure the advantages of flexibility, the legislative body must lay down only broad standards, for any detailed prescription would check the very purpose of the grant

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and be tantamount to specific statutory exemption; on the other hand, the legislature must lay down real outlines of policy, else the way is open for possible abuse of power and the specter of unconstitutionality raises its head. Safeguards therefore should be both numerous and stringent, though devised in accordance with the conditions in the state. The New York standards, among others, appear to be essentially wise:

> In no case shall there be dispensation from any of the existing peace-time restrictions
>
> (a) For minors under 18;
> (b) For a longer period than 6 months, unless reconsideration of all the facts and circumstances of the particular case warrant continuation;
> (c) Unless the health and welfare of the worker is safeguarded, and unless the necessities of adjusting state policy to national war-time requirements necessitate the dispensation;
> (d) Unless the employer cannot maintain maximum efficiency in production by utilization of available labor supply or by organizational or other reasonable adjustments;
> (e) Unless the dispensation is necessary to prevent peace-time restrictions from interfering with the paramount duty of maximum possible production in war work;
> (f) For work outside of war work.
>
> Revocation is allowed if the dispensations are not necessary to maintain maximum possible war production.[55]

Rhode Island, on the other hand, has no statutory safeguards but has made administrative provision for them. That state will not issue dispensations unless investigation has been made, and unless the local liaison Army and Navy supply officials have verified the fact that the firm applying for a permit is producing goods needed by the government in larger amounts than could otherwise be available. Second, the applicant for a permit must have exhausted every available source for securing additional employees skilled in the necessary occupations. Third, the firm must be devoting all of its suitable plant capacity to government production. Fourth, the firm must

[55] War Emergency Dispensation Act, par. 81.

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have started or be willing to start a training program to add to the available skilled labor supply. Fifth, the firm must apply any exemption granted to it only to employees working directly on war production and not to those concerned with such matters as inventories.[57] Here the administrative authorities have amplified the statutory criteria by rules and regulations. Judicial review can accomplish but little in devising safeguards, not only because it comes after the fact but because in any general grant of power to an administrative body, there is little into which the tooth of judicial review can bite save in regard to constitutionality. In the last analysis, as in so many governmental situations today, the final safeguard is to be found in the organization and personnel of administration.

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[58] *Labor Standards*, vol. V, No. 2, p. 34.

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MALTHUS VERSUS RICARDO: THE EFFECTS OF DISTRIBUTION ON PRODUCTION

TO several generations of economists the Reverend Thomas R. Malthus was known almost solely as the author of a pessimistic doctrine of population overgrowth. More recently, however, a growing appreciation of his other writings has drawn new attention to this country parson who became the first professor of political economy.

Malthus was aware of dangers from maldistribution of the national dividend, to which the main classical and neo-classical tradition remained blind. Like another Cassandra he warned his contemporaries that if the shares in which income is apportioned become too unequal, widespread unemployment of men and resources may result. But for nearly a hundred years his words fell on unreceptive ears. Throughout the nineteenth century the currents of economic thought followed the alternative view of Malthus' great contemporary and friend, David Ricardo, maintaining Say's law that "supply creates its own demand", that there are always places for the profitable use of capital, and hence that unemployment can never be general. The great depressions of our generation brought home the *fact* of general unemployment, and economists have reopened this question, studying the repercussions of changing distribution, and particularly wage rates, on the total use of resources.[1]

Especially today, when totalitarianism is challenging democracy to the fullest use of its potential productive power, it seems timely to reëxamine the original controversy between Malthus and Ricardo. It was during this early formative

[1] For example, the Brookings Institution's *The Formation of Capital*, and *Income and Economic Progress*, both by Harold G. Moulton (Washington, 1935); Gottfried von Haberler's chapter on "Underconsumption Theories" of the "business cycle" in *Prosperity and Depression* (Geneva, 1937); and John Maynard Keynes's *General Theory of Employment, Interest and Money* (New York, 1936).

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period that the rising young science took the direction which limited and confused serious thinking about wage rates and employment, for generations. A clearer understanding of the cause of this orientation should help us in achieving a sounder foundation for our own labor policies.

* * * *

The next two outstanding thinkers in economics to follow Adam Smith differed fundamentally in their approaches. According to Ricardo, economics was necessarily confined to studying questions of distributive share, and was not suited to studying total production. He wrote to Malthus on October 10, 1820:

> Political Economy you think is an enquiry into the nature and causes of wealth—I think it should be called an enquiry into the laws which determine the division of the produce of industry among the classes who concur in its formation. No law can be laid down respecting quantity but a tolerably correct one can be laid down respecting proportions.[2]

For Malthus, on the other hand, the questions were inseparable. He insisted that distributive shares could not be properly considered apart from their effect on total production:

> if the *distribution* of wealth to a certain extent be one of the main causes of its increase. . . .
>
> the main doctrine inculcated in the latter part of this work, namely, that the progress of wealth depends upon proportions. . . .[3]

Put a little differently, this is just the problem we face today; i. e., how the proportions in which the national dividend is divided influence the total amount to be shared. Malthus was sure that it affected it—in particular that too much "capital" accumulated in proportion to effective consumers' demand

[2] *Letters of David Ricardo to Thomas Robert Malthus, 1810-1823*, edited by James Bonar (Oxford, 1887), p. 175.

[3] Malthus, Thomas R., *Principles of Political Economy* (London, 1820), pp. 507 and 515.

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might be responsible for prolonged depressions, in which resources would lie unused.

> But if the conversion of revenue into capital pushed beyond a certain point must, by diminishing the effectual demand for produce, throw the laboring classes out of employment, it is obvious that the adoption of parsimonious habits in too great a degree may be accompanied by the most distressing effects at first, and a marked depression of wealth and population permanently.[4]

Ricardo countered with the claim that demand could not be deficient, and that any apparent deficiency was due to production of the wrong things.

> The difficulty of finding employment for capital in the countries you mention proceeds from the prejudices and obstinacy with which men persevere in their old employments . . . . Men err in their production; there is no deficiency of demand.[5]

The chief grounds for Ricardo's belief seems to have been what has since become known as "Say's law".

> Adam Smith . . . does not appear to see, that at the same time that capital is increased, the work to be effected by capital, is increased in the same proportion. M. Say has, however, most satisfactorily shewn, that there is no amount of capital which may not be employed in a country, because demand is only limited by production. No man produces, but with a view to consume or sell, and he never sells, but with an intention to purchase some other commodity, which may be immediately useful to him, or which may contribute to future production. By producing, then, he necessarily becomes either the consumer of his own goods, or the purchaser and consumer of the goods of some other person.
>
> . . . .
>
> Productions are always bought by productions, or by services; money is only the medium by which the exchange is effected. Too much of a particular commodity may be produced, of which there may be such a glut in the market, as not to repay

[4] *Ibid.*, p. 369.

[5] Ricardo, *Letters to Malthus*, October 10, 1820, p. 174.

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the capital expended on it; but this cannot be the case with respect to all commodities. . . .[6]

Malthus, however, examines each part of this argument in turn:

> If commodities were only to be compared and exchanged with one another, then indeed it would be true that, if they were all increased in their proper proportions to any extent, they would continue to bear among themselves the same relative value; but if we compare them, as we certainly ought to do, with the numbers and wants of the consumers, then a great increase of produce with comparatively stationary numbers and with wants diminished by parsimony, must necessarily occasion a great fall of value estimated in labour, so that the same produce, though it might have *cost* the same quantity of labour as before, would no longer *command* the same quantity; and both the power of accumulation and the motive to accumulate would be strongly checked.
>
> It is asserted that effectual demand is nothing more than the offering of one commodity in exchange for another. But is this all that is necessary to effectual demand? Though each commodity may have cost the same quantity of labour and capital in its production, and they may be exactly equivalent to each other in exchange, yet why may not both be so plentiful as not to command more labour, or but very little more than they have cost; and in that case, would the demand for them be effectual?[7]

That money is *only* a medium of exchange he specifically denies:

> Theoretical writers in Political Economy, from fear of appearing to attach too much importance to money, have perhaps been too apt to throw it out of their consideration in their reasonings. It is an abstract truth that we want commodities, not money. But, in reality, no commodity for which it is possible to sell our goods at once, can be an adequate substitute for a circulating medium . . . if the farmer or manufacturer cannot sell his prod-

[6] Ricardo, David, *On the Principles of Political Economy and Taxation* (London, 1821), pp. 339, 341-42.

[7] Malthus, *op. cit.*, pp. 355-56.

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ucts so as to give him a profit estimated in money, his industry will immediately slacken. The circulating medium bears so important a part in the distribution of wealth, and the encouragement of industry, that to set it aside in our reasonings may often lead us wrong.[8]

As concerns the argument that a glut can only be relative, and never general, Malthus has considerable scorn for what seems to him an evident disregard of the facts:

> . . . it is a tenet of the new doctrine on profits and demand, that if one trade be overstocked with capital, it is a certain sign that some other trade is understocked. But where, I would ask, is there any considerable trade that is confessedly understocked, and where high profits have long been pleading in vain for additional capital? The war has now been at an end above four years; and though the removal of capital generally occasions some partial loss, yet it is seldom long in taking place, if it be tempted to remove by great demand and high profits. . . .[9]
>
> It is generally said that there has not been time to transfer capital from the employments where it is redundant to those where it is deficient, and thus to restore the proper equilibrium. But I cannot bring myself to believe that this transfer can require so much time as has now elapsed since the war; and I would again ask, where are the understocked employments, which, according to this theory, ought to be numerous, and fully capable

[8] *Ibid.*, footnote to p. 361. It is significant that in modern times Professor J. Maynard Keynes (whose *General Theory of Employment, Interest and Money* is the most ambitious formal attempt to handle the reopened problem of the effect of distribution on the employment of resources) also found it necessary to abandon the view that money was *only* a medium of exchange. In his preface he remarks:

"When I began to write my *Treatise on Money* I was still moving along the traditional lines of regarding the influence of money as something so to speak separate from the general theory of supply and demand. When I finished it, I had made some progress towards pushing monetary theory back to becoming a theory of output as a whole. . . . This book, on the other hand, has evolved into what is primarily a study of the forces which determine changes in the scale of output and employment as a whole. . . . A monetary economy, we shall find, is essentially one in which changing views about the future are capable of influencing the quantity of employment and not merely its direction" (pp. vi-vii).

[9] Malthus, *op. cit.*, pp. 333 *et seq.*

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> of absorbing all the redundant capital, which is confessedly glutting the markets of Europe in so many different branches of trade? It is well known by the owners of floating capital, that none such are now to be found; and if the transition in question is to account for what has happened, it must have produced some other effects besides that which arises from the difficulty of moving capital. This I conceive to be a great diminution of the whole amount of consumption and demand.[10]

Now Ricardo had assumed that anyone who received an income—no matter how large—would necessarily employ it somewhere, and that any such employment of funds created an effective demand:

> If ten thousand pounds were given to a man having 100,000 £ per annum, he would not lock it up in a chest, but would either increase his expenses by 10,000 £, employ it himself productively, or lend it to some other person for that purpose; in either case, demand would be increased, although it would be for different objects. If he increased his expenses, his effectual demand might probably be for buildings, furniture, or some such enjoyment. If he employed his 10,000 £ productively, his effectual demand would be for food, clothing, and raw material, which might set new labourers to work; but still it would be demand.[11]

This assumed necessity Malthus set out to disprove, by showing that a capitalist might logically fail to employ in production all those surplus funds which he did not spend on consumption:

> . . . it is supposed that if the richer portion of society were to forego their accustomed conveniences and luxuries with a view to accumulation, the only effect would be a direction of nearly the whole capital of the country to the production of necessaries, which would lead to a great increase of cultivation and population. But, without supposing an entire change in the usual motives to accumulation, this could not possibly happen. The usual motives for accumulation are, I conceive, either the future wealth and enjoyment of the individual who accumulates, or of

[10] *Ibid.*, p. 449.

[11] Ricardo, *Principles of Political Economy*, pp. 340 *et seq.*

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those to whom he means to leave his property. And with these motives it could never answer to the possessor of land to employ nearly all the labour which the soil could support in cultivation; as by so doing he would necessarily destroy his neat rent. . . .

. . . .

As soon as the landlords and cultivators found that they could not realize their increasing produce in some way which would give them a command of wealth in future, they would cease to employ more labour upon the land; and if the business of that part of the society which was not engaged in raising raw produce, consisted merely in preparing the other simple necessaries of life, the number required for this purpose being inconsiderable, the rest of those whom the soil could support would be thrown out of work.

. . . .

It would be of no sort of use to the farmer to go on cultivating his land with a view merely to give food and clothing to his labourers. He would be doing nothing either for himself or family, if he neither consumed the surplus of what they produced himself, nor could realize it in a shape that might be transmitted to his descendants. . . . If he did not choose to use it in the purchase of luxuries or the maintainance of unproductive labourers, it might as well be thrown into the sea.[12]

Nor, if the wealthy were thus deficient in their consumption, did he think surplus funds would find employment in other (non-agricultural) pursuits.

It would be still more useless to the manufacturers to go on producing clothing beyond what was wanted by the agriculturists and themselves. . . . The population required to provide simple clothing for such society with the assistance of good machinery would be inconsiderable, and would absorb but a small portion of the proper surplus of rich and well cultivated land. There would evidently therefore be a general want of demand, both for produce and population. . . .[13]

Thus, unless general consumption were high, the wealthy man would be unable to employ his funds productively. But

[12] Malthus, *op. cit.*, pp. 360, 361, 364.

[13] *Ibid.*, p. 365.

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cannot the wealthy consume enough themselves to keep up demand? Malthus says no!

> . . . if, from the want of other consumers, the capitalists were obliged to consume all that could not be advantageously added to the national capital, the motives which support them in their daily tasks must essentially be weakened, and the same powers of production would not be called forth.
>
> It has appeared then that, in the ordinary state of society, the master producers and capitalists, though they may have the power, have not the will, to consume to the necessary extent. And with regard to their workmen, it must be allowed that, if they possessed the will, they have not the power.
>
> . . . .
>
> As I have before said, nobody will ever employ capital merely for the sake of the demand occasioned by those who work for him. Unless they produce an excess of value above what they consume, either for present or future use, it is quite obvious that his capital will not be employed in maintaining them.[14]

To balance an ineffective demand against productive ability Malthus suggests maintaining unproductive consumers—who will bring additional purchasing power to market without adding to the glutted supply of goods:

> It has been repeatedly conceded, that the productive classes have the power of consuming all that they produce; and, if this power were adequately exercised, there might be no occasion, with a view to wealth, for unproductive consumers. But it is found by experience that, though there may be the power, there is not the will; and it is to supply this will that a body of unproductive consumers is necessary. Their specific use in encouraging wealth is, to maintain such a balance between produce and consumption as to give the greatest exchangeable value to the results of the national industry.
>
> . . . .
>
> . . . in our endeavors to assist the working classes in a period like the present, it is desirable to employ them in unproductive labour, or at least in labour the results of which do not come for sale into the markets, such as roads and public works . . . the employment of the poor in roads and public works, and a

[14] Malthus, *op. cit.*, pp. 471 *et seq.*

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> tendency among landlords and persons of property to build, to improve and beautify their grounds, and to employ workmen and menial servants, are the means most within our power and most directly calculated to remedy the evils arising from that disturbance in the balance of produce and consumption. . . .[15]

Perhaps the most surprising passage in Malthus' entire analysis is his prophetic description of the effects which technological improvements may have in creating great unemployment. The solution suggested by his last sentence resembles strikingly a current proposal receiving increasing attention, that is, to encourage occupational mobility, directing cheap labor into occupations with greater purchasing power.[16]

> If we were to suppose the powers of production in a rich and well peopled country to be so increased that the whole of what it produced could be obtained by one third of the labour before applied, can there be a reasonable doubt that the principal difficulty would be to effect such a distribution of the produce, as to call forth these great powers of production? To consider the gift of such powers as an evil would indeed be most strange; but they would be an evil, and practically a great and grievous one, if the effect were to be an increase of the neat produce at the expense of the gross produce, and of the population. But if, on the other hand, a more favorable distribution of the abundant produce were to take place; if the more intelligent among the working classes were raised into overseers of works, clerks of various kinds, and retail dealers, while many who had been in these situations before, together with numerous others who had received a tolerable education, were entitled to an income from the general produce, and could live nearly at leisure upon their mortgages; what an improved structure of society would this state of things present; while the value of the gross produce, and the numbers of the people would be increasing with rapidity![17]

[15] Malthus, *op. cit.*, pp. 488 *et seq.*, 511 *et seq.*

[16] Note for example the new "Division of Occupational Outlook" in the Department of Labor, established to forecast employment trends and thus facilitate labor transfer to better-paid fields.

[17] Malthus, *op. cit.*, pp. 482 *et seq.*

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Malthus' position has been quoted at some length to bring out how strikingly his formulation of the problem anticipated present-day investigations. The force of his argument induced his friend Ricardo to make a number of concessions.

> I have not said that production may not in theory be pushed so far as to destroy the motive on the part of the capitalist to continue producing to the same extent. I believe it might possibly be pushed so far, but we have never witnessed it in our days. . . .[18]

> We agree too that effectual demand consists of two elements, the *power* and the *will* to purchase; but I think the will is very seldom wanting where the power exists, for the desire of accumulation will occasion demand just as effectively as a desire to consume; it will only change the objects on which the demand will exercise itself. If you think that, with an increase of capital, men will become indifferent both to consumption and accumulation, then you are correct in opposing Mr. Mill's idea, that in reference to a nation supply can never exceed demand. . . .[19]

> If every man were to forego the use of luxuries, and be intent only on accumulation, a quantity of necessaries might be produced, for which there could not be any immediate consumption. Of commodities so limited in number, there might undoubtedly be a universal glut, and consequently there might neither be demand for an additional quantity of such commodities, nor profits on the employment of more capital. If men ceased to consume, they would cease to produce. This admission does not impugn the general principle.[20]

Ricardo appears to have sensed that his chief differences with Malthus did not arise in formal logical analysis, but rather in assumptions made about the practical situation.

> We appear then not to differ *very* widely in our general principles, but more so respecting the applications of them. Such

[18] Ricardo, *Letters to Malthus*, July 21, 1821, pp. 190 *et seq.*

[19] *Ibid.*, Sept. 16, 1814, pp. 43 *et seq.* The "Mr. Mill" mentioned was James Mill, father of John Stuart Mill.

[20] Ricardo, *Principles of Political Economy*, pp. 343 *et seq.*

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> and such evils may exist; but the question is do they exist now? I think not; none of the symptoms indicate that they do, and in my opinion increased savings would alleviate rather than aggravate the sufferings of which we have had lately to complain. Stagnation is a derangement of the system, and not too much general production, arising from too great an accumulation of capital.[21]

> If money should retain the same value next year, would any man (if he had it) want the will to spend half as much again as he now does?[22]

> I go much further than you in ascribing effects to the wants and tastes of mankind; I believe them to be unlimited. Give men but the means of purchasing, and their wants are insatiable. Mr. Mill's theory is built on this assumption.[23]

> Here it is where we most differ. You think that the capitalist could not cease saving on account of the lowness of his profits, without a cessation in some degree of employment to the people. I, on the contrary, think that with all the abatements from the fund destined to the payment of labour, which I acknowledge would be the consequence of the new course of the capitalists, enough would remain to employ all the labour that could be obtained, and to pay it liberally, so that in fact there would be little diminution in the quantity of commodities produced. . . .[24]

Fundamental to Ricardo's claim that there were always opportunities for the profitable employment of capital, was the assumption that wages were flexible and free to fall. He consistently qualifies his position by reiterating that profits can be low only when the wages of labor are high. In the passages we have quoted from Ricardo this qualification is always implied, and is usually specifically stated, as for example:

> It follows then from these admissions that there is no limit to demand—no limit to the employment of capital while it yields

[21] Ricardo, *Letters to Malthus*, July 21, 1821, p. 191.

[22] *Ibid.*, October 23, 1814, p. 45.

[23] *Ibid.*, October 23, 1814, p. 49.

[24] *Ibid.*, July 21, 1821, p. 189.

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> any profit, and that however abundant capital may become, there is no other adequate reason for a fall of profit but a rise of wages. . . .[25]

An integral part of this assumption is the hypothesis of competition among laborers, so that the question of labor being highly paid in some occupations and unemployed in others is not considered. "The poor, in order to obtain food . . . vie with one another in the cheapness and perfection of their work." [26]

Malthus, on the contrary, never conceded that rising labor costs are the sole reason for lack of employment and reduced profits. Typically, he pointed to the *facts* to contradict the notion that profits and wages could not be low at the same time. Unfortunately we do not have his letters to Ricardo, but there are references to them in Ricardo's replies:

> You think that the low price of labour which has lately prevailed contradicts my theory of profits depending on wages, because the rate of interest is at the same time very low. . . .[27]

At another point Malthus' approach is to claim that wages, while affecting profits, are not the *sole* affecting cause.

> We can infer nothing respecting the rate of profits from a rise of money wages, if commodities, instead of remaining of the same price, are very variously affected, some rising, some falling, and a very small number indeed remaining stationary. But it was shewn in a former chapter that this must necessarily take place upon a rise in the price of labour. Consequently the money wages of labour cannot regulate the rate of profits.[28]

Elsewhere, he seems to assume (contrary to Ricardo) that it is possible for wages to be reasonably high in the employed parts of the economy, while there is considerable unemployment in other parts. This perhaps arises from a confusion with that

[25] Ricardo, *Principles of Political Economy*, pp. 347 *et seq.*

[26] *Ibid.*

[27] Ricardo, *Letters to Malthus*, October 21, 1817, p. 142.

[28] Malthus, *op. cit.*, p. 327.

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part of his famous "population doctrine" which set upper and lower limits to wages.

> The actual labourers employed might be tolerably well fed . . . but there would be little work or food for their grown up sons. . . . The wages of the labourer cannot sink below a certain point, but a part of the produce, from excess of supply, may for a time be absolutely useless, and permanently it may so fall from competition as to yield only the lowest profits.[29]

The question clearly involves the degree of occupational mobility assumed, and Ricardo and Malthus never succeeded in clarifying this particular point of difference underlying their positions. A number of factors interfered with their efforts to reach a complete understanding of each other. Malthus may be said to have emphasized more the practical situation, and effects within a near future; he thought in terms of existing frictions. Ricardo stressed more the abstract theoretical approach, and longer-run effects; he thought in terms of a theoretically more fluid competition. Furthermore, terminology got in their way, and particularly Ricardo's habit of thinking in terms of what he considered "real" as opposed to "price" values—in which he attempted to see beyond *money* values as though past an obscuring curtain, or veil. That Ricardo, at least, was becoming clearer about these differences is shown by the following quotations:

> In your argument about the stimulus of increased value and the effects of demand and supply on future wealth, you do not really differ from my views on this subject so much as you suppose. . . .[30]

> If I am too theoretical (which I really believe is the case), you I think are too practical.[31]

> Our differences may in some respects, I think, be ascribed to your considering my book as more practical than I intended it to be. My object was to elucidate principles, and to do this I

[29] *Ibid.*, pp. 367 *et seq.*

[30] Ricardo, *Letters to Malthus*, October 21, 1817, p. 143.

[31] *Ibid.*, October 7, 1815, p. 96.

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imagined strong cases that I might show the operation of these principles.[32]

I think if we could talk together we should not *very* much differ on the question which has lately engaged us; our principal difference is about the permanence of the effects.[33]

It appears to me that one great cause of our difference in opinion on the subjects which we have so often discussed is that you have always in your mind the immediate and temporary effects of particular changes, whereas I put these immediate and temporary effects quite aside, and fix my whole attention on the permanent state of things which will result from them.[34]

I sometimes suspect that we do not attach the same meaning to the word "demand". If corn rises in price you perhaps attribute it to a greater demand. I should attribute it to a greater competition. The demand cannot, I think, be said to increase if the quantity consumed be diminished, although much more money may be required to purchase the smaller than the larger quantity.[35]

. . . though I feel strongly the truth of my theory I cannot succeed in stating it clearly. I have been very much impeded by the question of price and value, my former ideas on these points not being correct. My present view may be equally faulty, for it leads to conclusions at variance with all my preconceived opinions. I shall continue to work, if only for my own satisfaction, till I have given my theory a consistent form.[36]

Despite these many difficulties to clear understanding, the mutual regard which these men held for each other prevented them from dogmatically disposing of issues, and it seems probable that, granted further time, they might have gotten at the fundamental roots of their differences and advanced

[32] Ricardo, *Letters to Malthus*, May 4, 1820, p. 167.

[33] *Ibid.*, August 30, 1814, p. 41 (though see note 3, *supra*, in which Malthus claims *permanent* effects).

[34] *Ibid.*, January 24, 1817, p. 127.

[35] *Ibid.*, August 30, 1814, p. 42.

[36] *Ibid.*, October 5, 1816, p. 120.

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economic thought incalculably by clarifying the relation of distribution to production. Unfortunately Ricardo's death intervened in 1823 at the unseasonable age of fifty-one. Malthus is said to have remarked:

> I never loved anybody out of my own family so much. Our interchange of opinions was so unreserved, and the object after which we were both enquiring was so entirely the truth and nothing else, that I cannot but think we sooner or later must have agreed.[37]

* * * *

In retrospect, it would seem to this writer that neither Malthus nor Ricardo was actually "wrong" in the sense of formal logical error, and that the latter was right in attributing their differences to the different levels of their analyses. Malthus may be said to have been stressing short-run effects under imperfect competition; Ricardo was considering long-term results in a more ideally fluid society. It is true that Mr. Keynes, who has been among the first to reëmphasize Malthus' importance, suggests that the Ricardian analysis was incorrect in assuming that mobility tends to full employment; and that he has attempted a justification of "sticky wages".[38] But the present writer has shown elsewhere that Mr. Keynes's approach is not applicable without modification, as he asks what the effects are of a simultaneous increase or decrease in *all* wages, whereas the proper question is as to the effect of changing wage differentials—some wages increasing while others are decreasing as labor flows into the "protected" occupations.[39] An analysis of the effects of reducing such differentials indicates that increased employment should result.[40] It follows that we should be able to progress from the "depressed state" of Malthus toward the "fully employed state" of Ricardo by fostering fluidity and an increasing effectiveness of competition.

[37] Quoted from *Edinburgh Review*, January 1837, p. 499, in *ibid.*, p. 240.

[38] Keynes, *General Theory of Employment, Interest and Money*, chap. xix.

[39] Pancoast, Omar, Jr., *Occupational Mobility—Democratic Efficiency Through the Use of Human Resources* (New York, 1941), esp. pp. 98-119.

[40] *Ibid.*

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Unfortunately, however, the economists who came after Ricardo drew none of the nice distinctions which we have here emphasized. Entranced with abstract logical analysis, they rapidly forgot or ignored Malthus' views—probably, in part at least, because widespread and general depression was becoming the dim memory of a wartime phenomenon. John Stuart Mill, the great expositor, affected to "disprove" the possibility of deficient demand once and for all. His treatment of the notion is cavalier!

> The doctrine appears to me to involve so much inconsistency in its very conception, that I feel considerable difficulty in giving any statement of it which shall be at once clear, and satisfactory to its supporters. They agree in maintaining that there may be, and sometimes is, an excess of productions in general beyond the demand for them; that when this happens, purchasers cannot be found at prices which will repay the cost of production with a profit; that there ensues a general depression of prices or values . . . so that producers, the more they produce, find themselves the poorer, instead of richer. . . .[41]

What, then, is his "disproof"? We are somewhat startled to find it consists simply of the bald *assertion* of Say's law, without any of the guarding hypotheses and cautious reservations which had characterized Ricardo's controversy with Malthus.

> . . . is it . . . possible that there should be a deficiency of demand for all commodities, for want of the means of payment? Those who think so cannot have considered what it is which constitutes the means of payment for commodities. It is simply commodities. Each person's means of paying for the productions of other people consists of those which he himself possesses. All sellers are inevitably and *ex termini* buyers. Could we suddenly double the productive powers of the country, we should double the supply of commodities in every market; but we should, by the same stroke, double the purchasing power . . . it is a sheer

[41] Mill, John Stuart, *Principles of Political Economy* (from the 5th London edition, New York, 1864), vol. II, pp. 106 *et seq.*

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> absurdity that all things should fall in value, and that all producers should, in consequence, be insufficiently remunerated.[42]

That economists should have been content with an argument which dodges so many issues, and which ignores the counterclaims of its opponents, is difficult to understand—until we remember how completely these economists were convinced that *money* was only an *intermediary,* that in Mill's words,

> The relations of commodities to one another remain unaltered by money; the only new relation introduced, is their relation to money itself; how much or how little money they will exchange for; in other words, how the exchange value of money itself is determined.[43]

They thus avoided problems in the very difficult realm of monetary economics, into which it has proved necessary for modern economists to go. It is hardly a coincidence that Malthus reasoned in the midst of one great period of unemployment, and that we raised his questions again in another such depression—after they had been largely ignored during several generations of relatively steady progress. In recent years, and especially in the 1930s, we have been forced to face the *fact* of deficient demand. Fuller statistical information than was available to Ricardo and Mill leaves no doubt but that depression can be *general.* Therefore we may not arrogate to ourselves much superiority for perceiving inadequacies in the analyses of these earlier thinkers, of which they were unaware. After all, these inadequacies have been forced upon our attention almost like a blow in the face.[44]

The direction in which economic thought was channeled by Ricardo and Mill has made it possible to emphasize questions of distributive share apart from the problem of full employment of productive resources. If the relative rewards of labor

[42] *Ibid.,* pp. 107-8.

[43] *Ibid.,* p. 25.

[44] An admirable discussion of the shortcomings of Say's law is presented by A. P. Lerner, "The Relation of Wage Policies and Price Policies", *American Economic Review* (Supplement), vol. XXIX (March 1939), pp. 158 *et seq.*

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and capital were altered, it was held that this affected the direction of production, but not its gross volume. It became intellectually possible for many "liberals" to assume that concessions or wage increases, which organized occupational groups could force from their employers, served only to redistribute wealth.

This is not to say that liberal economists, in general, did not object to such attempts to interfere with "free competition"; but the objection was based on the ethical-moral grounds that each laborer got all he deserved without special pressure, plus the conviction that no amount of pressure could win him more than that, anyway.

> Free competition means, then, not only that any average laborer who offers himself for hire virtually carries in his hands a potential but definite product for sale, but that he may confidently offer it at the price that is fixed by its final utility. Like other vendors, the laborer can get the true value of his product and he can get no more.[45]

It was considered impossible that demand should be deficient, if labor would be content to accept this fair price. Existing unemployment during "depressions" was evidence of temporary "friction", and was due to "protecting wage standards" which were set unfairly high, or to a time lag between jobs.

> At its introduction an economical device often forces some men to seek new occupations, but it never reduces the general demand for labor. As progress closes one field of employment it opens others, and it has come about that after a century and a quarter of brilliant invention and of rapid and general substitution of machine work for hand work, there is no larger proportion of the laboring population in idleness now than there was at the beginning of the period. . . . A full study of the effects of technical progress will show that there is never a reduction of the general field for employment in consequence of it.
>
> . . . .
>
> The laborer displaced by an invention at a particular point con-

[45] Clark, John Bates, *Essentials of Economic Theory as Applied to Modern Problems of Industry and Public Policy* (New York, 1927), p. 144.

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> tinues to be wanted somewhere. . . . The problem we have to face is a danger that labor may be displaced either (1) from a particular point within a productive establishment at which it is now working, or (2) from the productive establishment as a whole, or (3) from a subgroup, or (4) from the general group of which the subgroup is a part. Out of industrial society in its entirety it cannot thus be forced. . . . In every instance there are places for them (those forced out of specific jobs) in the working society.[46]

The retort of organized occupational groups, in justifying their tactics, was that employers could impose conditions on individual workers because of unfair *advantages* in the competitive bargaining process. Many employers were in a monopolistic position, or acted in concert; in any event, individual workers need the support of a strong group to establish them on an *equal footing* with the bosses.[47] As recently as the establishment of the National Labor Relations Board this "restoring of fair competitive bargaining conditions" was the avowed policy of liberal thought. Since it was found in practice that wage increases for the group concerned could often be obtained by pressure, the abstract argument (that this was economically impossible) was ineffective. The question of whether this limited the opportunities of *unprotected* labor groups was not squarely faced.

Therefore, by following too narrowly Ricardo and Mill, formal economic thought was diverted from studying the relation of distributive adjustments to total general welfare. Meantime, more sociological writers, such as Karl Marx and the Webbs, have focused increasing attention on hardships suffered by the working classes. The resulting sympathy for the underprivileged has been expressed in widespread approval of any steps which raised particular groups of workers above the general misery.

[46] Clark, *op. cit.*, pp. 257, 260-61.

[47] It is only fair to note that J. B Clark in other writings was aware of the practical difficulties faced by unprotected workers in bargaining with employers. The quoted passages are only presented as representing the general run of economic thought, which inclined to a high degree of abstractness.

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It is often assumed that each such gain is so much "gravy"—that we are helping poor groups at the expense of wealthy owners of business, who can well afford to share their greater abundance. Liberal attention has tended to concentrate on extending such gains as widely as possible, eventually to all workers. It has scarcely ever been considered whether this is not like trying to lift ourselves by our bootstraps—whether, actually, the higher wages gained by individual labor groups may not in many instances be at the expense of other, even poorer, labor groups and of the unemployed in the "protected" trade, itself.

But, if higher wage rates may limit total employment, this is the question which must be examined. Does "protecting wage standards" conserve employment by maintaining purchasing power, or does it reduce the total effective market for labor? It was pointed out above that one answer to this question is suggested in Mr. Keynes's *General Theory* while an opposite conclusion is reached by studying the effects of changing differentials in the writer's *Occupational Mobility*. Whichever position seems more sound to the reader, this is certainly one of the most critical areas of modern economic thinking. Present-day students must explore this problem much more carefully, and consciously adapt our labor policies accordingly, if our relatively free economy is to hold its own against the regimentation of totalitarianism.

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LAISSEZ FAIRE, SUGAR AND SLAVERY [1]

IN the seventeenth and eighteenth centuries Britain's sugar colonies were the favored plantations of the Empire. By the middle of the nineteenth century they had become nuisances. The history of that decline has been written, too narrowly, from the standpoint of the humanitarian attack on Negro slavery. The weakness of the West Indian system was less that it was immoral than that it was unprofitable.[2] The attack on West Indian slavery was in a larger sense only a part of the general attack on monopoly and imperialism which characterized the transition of English economy from mercantilism to laissez faire. The rise and fall of slavery was a phase of the rise and fall of mercantilism.

India and Brazil

In the seventeenth and eighteenth centuries the West Indian colonies had a practical monopoly of sugar cultivation. The golden age came to an end in the nineteenth century. *Ersatz,* in the form of beet sugar, gained its first great victory as a result of the British blockade of France during the Napoleonic War. Brazil, India, Mauritius, Cuba forged ahead, and sugar cultivation was later extended to Louisiana, Australia, Hawaii, the Philippines and Java. Overproduction, the curse of the twentieth century, had arrived.

The British sugar planters succumbed to this competition. In 1788 they were outdistanced by Saint-Domingue (Haiti); in 1820 by Mauritius; in 1830 by Brazil. Within the Empire itself Barbados had yielded to Jamaica in the eighteenth century, and Jamaica to Trinidad and British Guiana in the early

[1] This essay is part of a general thesis, to be published shortly, on "Capitalism and Slavery". Much of the research involved was facilitated by a Julius Rosenwald Fellowship, 1940-1941.

[2] Liverpool Papers (British Museum), Add. Mss. 38295, f. 102. An anonymous writer to Lord Bexley, July 1823.

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nineteenth. The fortunes of the British West Indies illustrated the law of slave production, namely, that slavery, granted a paucity of labor and an unlimited extent of fertile soil, was cheaper than free labor—on one condition: the slave power required ever fresh conquests. For this reason slavery continued to be profitable and cheaper than free labor, in a large island like Cuba or in an empire like Brazil, long after the "land-killer", as the planter was called in the picturesque nomenclature of the South, had exhausted its possibilities in Barbados or Jamaica.

As markets the British West Indies had declined. In 1814 they took one sixth of all British exports, in 1833 only one fourteenth.[3] British exports to India and China, on the other hand, quadrupled between 1814 and 1832;[4] those to Brazil increased nearly three times between 1821 and 1833, and more than doubled again between 1835 and 1854.[5] Only one obstacle stood in the way of the increase of this trade with these two important markets—the returns they could make. British tariff legislation had banned India's exports of cotton goods to England and made the Indian market safe for Lancashire goods. India could not compete with the United States as a supplier of raw cotton. The Indian traders had therefore to choose between sugar and the sands of the Ganges for return cargoes. They chose sugar, to which Prime Minister Pitt had turned his attention as early as 1790 in an attempt to capture the European sugar market from France.[6]

A similar difficulty faced British capitalists in their relations with Brazil. Approximately three eighths of the sugar, one half of the coffee, and five eighths of the cotton exports from Pernambuco, Rio de Janeiro and Bahia were shipped on British

[3] W. L. Burn, *Emancipation and Apprenticeship in the British West Indies* (London, 1937), p. 100.

[4] *Customs 8* (Public Record Office), vols. 2 and 35.

[5] *Ibid.*, vols. 14 and 38; A. K. Manchester, *British Preeminence in Brazil* (Chapel Hill, 1933), p. 322.

[6] L. J. Ragatz, *The Fall of the Planter Class in the British Caribbean* (New York, 1928), pp. 211, 213-214.

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accounts, but, except for cotton, very little of these products was annually landed in England.[7]

In both cases the obstacle was the British West Indian monopoly of the British sugar market. The interests of British capitalism inexorably demanded the abolition of the West Indian monopoly. What of the interests of British humanitarianism? They just as inexorably demanded the perpetuation of that monopoly. For, after 1833, the stigma of slavery had been removed from British West Indian production. Brazil and Cuba were clearly slave communities which, in addition to employing slave labor, still conducted the slave trade. Any equalization of the sugar duties would therefore be a stimulus to slavery in those countries.

What, then, of India? The act emancipating the slaves in the British West Indies passed its third reading on August 7, 1833. Forty-eight hours before, the East India Charter had come up for renewal in the House of Lords. The bill included a clause which declared that slavery "should be abolished" in India. Lord Ellenborough expressed his astonishment that such a proposition should ever have entered the head of any statesman. Lord Auckland defended the bill: "it had been framed with the utmost caution consistent with the destruction of an odious system; as well as the utmost care not to interfere with the domestic manners of the natives." The Duke of Wellington called it a violent innovation, altogether uncalled for, which would produce the greatest dissatisfaction, if not absolute insurrection.[8]

Repeated declarations were later made in Parliament on behalf of the government that the East India Company was preparing legislation with a view to the "amelioration" of slavery and that such legislation would be tabled in Parliament. But the promised legislation never was tabled. In defense of the East Indians it was pleaded, in 1842, that they had prohibited the selling of children into slavery in periods of

[7] Manchester, *op. cit.*, p. 315.

[8] Hansard, *Parliamentary Debates*, Third Series, XX, 315, 323, 324, August 5, 1833; p. 446, August 9, 1833.

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scarcity.[9] Ten years after Britain's "great atonement" the Earl of Auckland would not deny that "some condition of servitude, more or less painful, might not still exist";[10] and Peel considered that such measures as had been adopted "appeared well calculated to arrest the progress of slavery, and check abuses, and when carried out in all parts of India under our control, or which we could influence, would go a long way to suppress slavery."[11]

The Capitalists

In the front ranks of the attack on the West Indians were the industrial capitalists—cotton manufacturers, sugar refiners, shipowners. They had voted against West Indian slavery in 1833. "Relief from this monopoly", said a sugar refiner, "would be cheaply purchased by granting the West India proprietors the full amount of the compensation proposed."[12] The capitalists had even demanded the admission of Brazilian sugar, not for consumption but for refining and re-export. This was parliamentary strategy. They were interested in cheap sugar, not free-grown sugar, and in 1836 they came out brazenly for the unrestricted importation of all sugar, irrespective of origin or method of production.

They based their arguments on the ground that the protecting duty forced their laborers to pay higher prices for sugar and so took away from them the money earned in the factories.[13] They called the protecting duty an "obnoxious tax",[14] which cost England more than the value of British exports to the islands.[15] The West Indian did not pay a farthing more for a bale of British calicoes than his Brazilian rival, so of what value was the system of monopoly to British manufacturers?[16]

[9] Hansard, Third Series, LXV, 1075, Baring, Aug. 5, 1842.

[10] *Ibid.*, LXX, 1294, July 21, 1843.

[11] *Ibid.*, LXVIII, 753, April 10, 1843.

[12] *Ibid.*, XVIII, 589, Clay, June 11, 1833.

[13] *Ibid.*, C, 54, Milner Gibson, July 3, 1848.

[14] *Ibid.*, LXXVII, 1053, Gibson, Feb. 24, 1845.

[15] *Ibid.*, LXXV, 444, Villiers, June 10, 1844.

[16] *Ibid.*, LXXVII, 1061-1062, Gibson, Feb. 24, 1845.

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To the capitalists the distinction between free-grown and slave-grown produce was humbug. Britain depended for her very existence on the slave-grown cotton of the United States. The government had abolished all duties on cotton; it had reduced the duty on Brazilian slave-grown coffee and Cuban ores worked by slave labor. The British Parliament saw slavery only where it saw sugar; its humanity was bounded by the circumference of a hogshead.[17] British legislators framed their tariff on grounds of morality, they erected a pulpit in every custom house and made their landing-waiters enforce anti-slavery doctrines.[18] They tried things by a thermometer of their own; it rose to boiling point on Cuban sugar, but sank to a most agreeable temperature on Carolina cotton.[19]

The situation was farcical. Cobden wrote a skit on it in the form of an imaginary interview at the Board of Trade between Lord Ripon and the Brazilian Ambassador. The Ambassador taunts the embarrassed Englishman:

> No religious scruples against sending slave-grown cotton into every country in the world? No religious scruples against eating slave-grown rice? No religious scruples against smoking slave-grown tobacco? No religious scruples against taking slave-grown snuff? . . . Am I to understand that the religious scruples of the English people are confined to the article of sugar?

Ripon, obviously uncomfortable, reiterates his inability to take Brazilian sugar, and pleads, in defense, the promptings of the Anti-Slavery faction led by Joseph Sturge. At this moment in walks Sturge, with a cotton cravat, his hat lined with calico, his coat sewn with cotton thread, his pockets well lined with slave-wrought gold and silver. The two diplomats burst into laughter.[20]

Even with regard to sugar the British were inconsistent. In 1845 British ships conveyed 24,000 tons of slave-grown sugar

[17] Hansard, Third Series, XCIX, 1223, G. Thompson, June 26, 1848.

[18] *Ibid.*, LXXV, 170, Russell, June 3, 1844.

[19] *Ibid.*, LXXXVIII, 517, Lansdowne, Aug. 10, 1846.

[20] J. E. Ritchie, *The Life and Times of Viscount Palmerston* (London, 1866-1867), III, 743-744.

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from Rio de Janeiro alone.[21] It was this same "lucrative humanity" which had provoked smiles at the Congress of Vienna in 1815, when Britain had tried to persuade the Central Powers of Europe to boycott in their dominions the slave produce of Brazil and Cuba which she herself transported to Europe.[22] Britain took the slave sugar of Louisiana, arguing a reciprocity treaty with the United States, but when Spain, basing her claim on an ancient treaty, demanded most favored nation treatment for her colonial sugar, Britain refused.

The capitalists saw in this nothing but an attempt to defend the West Indian monopoly. It was injustice and folly, in their opinion, to impose protective duties on food.[23] Monopoly was unsound, costly to all, and had destroyed the great empires of the past.[24] Protection was an opiate which enervated and paralyzed the planters, making them everlasting grumblers, like Oliver Twist, always asking for more.[25] Defeated time and again, the free traders, as Bright warned, returned to the charge with renewed energy.[26] Ricardo advised the planters that "the ball was rolling, and nothing that they could do would suffice to stop it."[27] Bright called them impudent, reminded them tartly that it was not the duty of Parliament to make sugar cultivation profitable, and advised them to grow cloves and nutmegs.[28]

Ever since 1814 the British government, under abolition pressure, had been committed to a policy of suppressing the slave trade. It had established a squadron on the African coast to deter or capture the slavers. But the British govern-

[21] Hansard, Third Series, LXXXVIII, 517, Lansdowne, Aug. 10, 1846.

[22] E. J. Stapleton (ed.), *Some Official Correspondence of George Canning* (London, 1887), I, 62. Memorandum for the Cabinet, Nov. 15, 1822.

[23] Hansard, Third Series, LVII, 920, Villiers, April 5, 1841.

[24] *Ibid.*, LVII, 162-163, Labouchere, March 12, 1841.

[25] *Ibid.*, LXXVII, 1144, Bright, Feb. 24, 1845; *ibid.*, 1066, Ewart, Feb. 24, 1845; *ibid.*, XCIX, 1428, Bright, June 30, 1848.

[26] *Ibid.*, LXXVIII, 930, March 14, 1845.

[27] *Ibid.*, LXXVII, 1078, Feb. 24, 1845.

[28] *Ibid.*, LXXVI, 37, June 27, 1844; XCIX, 747, 1420, June 16 and June 30, 1848.

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ment's hands were tied. British goods, from Manchester and Liverpool—cottons, fetters and shackles—were sent direct to the coast of Africa or indirectly to Rio de Janeiro and Havana, where they were used by their Brazilian and Cuban consignees for the purpose of purchasing slaves.[29] In 1845 Peel refused to contradict the fact that British subjects were engaged in the slave trade.[30] The Liverpool representative in Parliament, questioned point blank, would not deny that Liverpool exports to Africa or elsewhere were not appropriated to "some improper purpose".[31] John Bright was well aware of the interests of his Lancashire constituents when he argued eloquently in 1843 against a bill prohibiting the employment of British capital, however indirectly, in the slave trade on the ground that it would be a dead letter, and that the matter should be left to the honorable and moral feelings of individuals.[32]

The economy of Brazil and Cuba depended upon the slave trade; hence the British capitalists opposed the policy of suppression. Commerce was the great emancipator. Leave the slave trade alone, it would commit suicide. If the miscreants of any nation chose to engage in it, their guilt be upon their own heads; leave to a higher tribunal the moral government of the world.[33] Bright criticized as audacity the idea that justice to Africa should be done at the expense of injustice to England.[34] They had a great deal to do at home, argued Cobden, within a stone's throw of where they were, before they embarked on a scheme of redeeming from barbarism the whole coast of Africa.[35] There were other occasions on which to devote attention to the social happiness of the world, other means of endeavoring to advance that happiness, and they should not interfere violently by fiscal regulations with the

[29] Hansard, Third Series, LIX, 609, Brougham, Sept. 20, 1841.

[30] *Ibid.*, XCVI, 1095. Quoted by Hutt, Feb. 22, 1848.

[31] *Ibid.*, XCVIII, 1198, Cardwell, May 18, 1848.

[32] *Ibid.*, LXXI, 941, Aug. 18, 1843.

[33] *Ibid.*, XCVI, 1100, Hutt, Feb. 22, 1848.

[34] *Ibid.*, XCIX, 748, June 16, 1848.

[35] *Ibid.*, CXIII, 40, July 19, 1850.

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feelings of others.[36] Britain's "blundering and ignorant humanity" had only aggravated the sufferings of the slaves. The slave trade was on the increase, and not all the forces of the British Navy, not all the resources of the British Treasury could suppress it.[37] Had the British governments surrendered their reason to philanthropy?[38] Had they prostituted their diplomacy to the purposes of an unreasonable fanaticism?[39] Was it not curious to see governments, not distinguished by devotion to constitutional liberties at home, assuming that a distant and barbarous people had more claims on their conscience than their own countrymen?[40]

Mercantilism meant colonies. The West Indies were only the most precious of the colonies in the eighteenth century. "He should ever consider", said Chatham, "the sugar colonies as the landed interest of this kingdom, and it was a barbarism to consider them otherwise."[41] In the free trade era the West Indies had fallen from grace. "Jamaica to the bottom of the sea," said Roebuck, "and all the Antilles after it." These "barren" colonies had ever been "the most fatal appendages" of the Empire, and if they were to be blotted out from the face of the earth Britain would lose not "one jot of her strength, one penny of her wealth, one instrument of her power."[42]

The capitalists in fact wanted no colonies. Adam Smith had written against the colonial connection and Arthur Young called the colonies nuisances. To Cobden they were expensive encumbrances, making dazzling appeals to the passions of the people, serving but as "gorgeous and ponderous appendages

[36] Hansard, Third Series, LXXV, 170, Russell, June 3, 1844.

[37] *Ibid.*, XCVI, 1092, 1096, 1101, Hutt, Feb. 22, 1848.

[38] *Ibid.*, XCVII, 986-987, Urquhart, March 24, 1848.

[39] *Ibid.*, CI, 177, Urquhart, Aug. 16, 1848.

[40] *Ibid.*, LXXXI, 1156, 1158, Hutt, June 24, 1845.

[41] Quoted in R. Pares, *War and Trade in the West Indies, 1739-1763* (Oxford, 1936), p. 509.

[42] Hansard, Third Series, LXIII, 1218-1219, June 3, 1842; *ibid.*, LXXV, 462, June 10, 1844.

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to swell our ostensible grandeur, but, in reality, to complicate and magnify our government expenditure, without improving our balance of trade." He could see nothing but a "monstrous impolicy" in "sacrificing our trade with a new continent, of almost boundless extent of rich territory, in favour of a few small islands, with comparatively exhausted soils." [43]

The Navigation Laws, regarded in the mercantilist era as the very keystone of the imperial arch, were now, in the age of laissez faire, swept away by the full tide of anti-colonial sentiment as the lumber of former times. When corn and sugar were on the run, shipping could enjoy no immunity. Ricardo advised the advocates of the "long voyage" to practice seamanship by sailing their cargo three times around the British Isles.[44]

The Abolitionists

The story of the great humanitarian crusade has been frequently told and as frequently misunderstood. In one of the greatest propaganda movements of all times, the abolitionists had, before 1833, gone far beyond the bounds of British West Indian slavery. They had dreamed of the universal abolition of slavery and the slave trade. They had lobbied at the European Congresses from 1815 to 1820 in favor of an international ban on the slave trade, and were even prepared to go to war for abolition. They had urged the government not to recognize Brazil without an explicit promise to renounce the slave trade.[45]

Actually, however, their condemnation of slavery applied only to the Negro and only to the Negro in the British West Indies. As an apology for the East India Company, Zachary Macaulay urged that "they had obtained dominion over countries which had been previously under the Hindoo and Mogul

[43] *Ibid.*, CXV, 1443, April 10, 1851; *The Political Writings of Richard Cobden* (London, 1878), pp. 12, 14.

[44] K. N. Bell and W. P. Morrell (eds.), *Select Documents on British Colonial Policy, 1830-1860* (Oxford, 1928), Introduction, p. xli.

[45] *Despatches, Correspondence and Memoranda of Field Marshal Arthur, Duke of Wellington* (London, 1867-1880), I, 474-475, Oct. 31, 1822.

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Governments. They therefore could not be blamed if, when they came into possession of those countries, they found principles acted upon with which, however adverse to their feelings, it would be unsafe to interfere, without due caution." [46] In 1837 Buxton expressed the fear that sugar would produce a system of slavery in the East as disgraceful as it had produced in the West. The government spokesman assured him it would not. Buxton "was much obliged . . . for that assurance." [47] In 1843 Brougham, veteran abolitionist, was still looking forward with sanguine hope to the abolition of slavery in India, "a consummation not to be accomplished so much by legislation, or by doing violence to property", as by encouraging the native slaveowners to declare their children free after a certain date.[48] Yet it was the sugar of this country that the abolitionists urged upon the people of England in preference to the slave-grown sugar of the West Indies. Some of the abolitionists had East Indian interests, and "perhaps their detestation of West Indian slavery was sharpened by a sense of the unfair discrimination of the sugar duties in favour of the West Indies and against the growing sugar plantations of India." [49] Thomas Whitmore, East Indian leader in Parliament, was a Vice President of the Anti-Slavery Society, and a candidate for the succession to the leadership of the Anti-Slavery Party. Zachary Macaulay had shares in the East India Company. James Cropper, one of the most active of the abolitionists, who had been the first to import the slave-grown cotton of America, was the greatest importer of East India sugar into Liverpool.

The abolitionists were equally silent about American slavery which supplied England's factories with their vital raw supply. The West Indian could legitimately ask whether "slavery was only reprehensible in countries to which those members do not

[46] *Debates at the General Court of Proprietors of East India Stock on the 19th and 21st March 1823 on the East India Sugar Trade* (London, 1823), p. 35.

[47] Hansard, Third Series, XXXVIII, 1853-1854, July 10, 1837.

[48] *Ibid.*, LXX, 1294, July 21, 1843.

[49] Bell and Morrell, *op. cit.*, Introduction, p. xxx.

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trade, and where their connections do not reside." [50] The abolitionists made curious replies. The person who received slave-grown produce from America dealt in the produce of labor performed by slaves who were not his fellow subjects, and there was not, in the slavery of the United States, any evidence of that destruction of human life which was one of the most appalling features of the system in the British West Indies.[51] The boycotters of West Indian sugar sat upon chairs of Cuban mahogany, before desks of Brazilian rosewood, used inkstands of slave-grown ebony, and wrote on paper partly made of slave-grown cotton; but "it would do no good to go round and inquire into the pedigree of every chair and table." [52] As the Newcastle abolitionists argued, only "the unnecessary purchase of one iota of slave produce involves the purchaser in the guilt of the slaveholder." [53]

The acid test for the abolitionists after 1833 came over two questions: the suppression of the slave trade and free trade in sugar. Buxton condemned the slave squadron and the policy of forcible suppression as causing aggravated suffering to multiplied numbers.[54] Sturge reorganized the Anti-Slavery Society on a purely pacific basis. "The utter failure", said James Wilberforce, Junior, Bishop of Oxford, at a great abolitionist meeting in 1840, "of every attempt by treaty, by remonstrance, and by naval armaments to arrest the progress of the slave trade, proves the necessity of resorting to a preventive policy founded on different and higher principles." [55] Buxton, *fils*, "could not but see that those high principles by which this country had been guided for many years were now supplanted by others which, though important in themselves, were

[50] *The Liverpool Mercury and Lancashire General Advertiser*, July 27, 1832.

[51] *Ibid.*, August 24, 1832.

[52] *The Tariff of Conscience, Free Trade in Slave Produce Considered and Condemned* (Newcastle Anti-Slavery Series, n.d., in John Rylands Library, Manchester).

[53] *Conscience versus Cotton; or, the Preference of Free Labour Produce* (Newcastle Anti-Slavery Series, n.d.).

[54] Hansard, Third Series, LXXXI, 1159. Quoted by Hutt, June 24, 1845.

[55] *Ibid.*, CIX, 1098. Quoted by Hutt, March 19, 1850.

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far inferior to those principles on which he had acted in former years." [56] Brougham's philanthropy was excited only by sugar and not by cotton, only by the slave trade and not by slavery, only by the slave trade between Africa and Brazil and not by the slave trade between Virginia and Texas. He condemned as "a gross perversion of the doctrines of free trade" the policy of obtaining cheap sugar "at the heavier cost of piracy and torture, and blood." According to his interpretation the United States did not carry on the slave trade; there was a difference between slave-grown sugar in Louisiana, increased by the natural increase of the slaves or more efficient cultivation, and slave-grown sugar in Brazil, increased by "the unnatural, forced, and infernal traffic in Africans carried on by force and fraud." [57]

Perhaps the greatest speech ever made on the slavery question was the speech of Thomas Babington Macaulay in 1845. It was a masterpiece of clarity and lucidity, befitting a great historian, but it was pro-slavery. "My especial obligations", said Macaulay with asperity, "in respect of negro slavery ceased when slavery itself ceased in that part of the world for the welfare of which I, as a member of this House, was accountable." He saw himself under no obligation to turn their fiscal code into a penal code for the purpose of correcting vices in the institutions of independent states, or their tariff into "an instrument for rewarding the justice and humanity of some governments, and for punishing the barbarity of others." He boldly faced the inconsistency of importing Brazilian sugar for refining but not for consumption.

> We import the accursed thing; we bond it; we employ our skill and machinery to render it more alluring to the eye and to the palate; we export it to Leghorn and Hamburg; we send it to all the coffee houses of Italy and Germany; we pocket a profit on all this; and then we put on a Pharisaical air, and thank God that we are not like those sinful Italians and Germans who have no scruple about swallowing slave-grown sugar. . . .

[56] Hansard, Third Series, XCIX, 849, June 19, 1848.

[57] *Ibid.*, CXXXIX, 116, June 26, 1855; *ibid.*, CL, 2205, June 17, 1858.

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> I will not have two standards of right. . . . I will not have two weights or two measures. I will not blow hot and cold, play fast and loose, strain at a gnat, and swallow a camel.[58]

Clarkson, the grand old man of the abolitionist movement, was now behind the times. In 1840 he was still looking to the East India Company for the achievement of his aim of extirpating slavery from the whole world, "by means that are perfectly *moral and pacific, according to your own principles,* namely, by the *cultivation of the earth* and by the employment of *free labour.*"[59] In 1846 Clarkson sent a petition to the House of Lords, calling for the exclusion of all products raised by fettered and manacled hands.[60] Once he had been a voice crying in the wilderness, now he was nothing but the shadow of a mighty name.

A new attitude toward slavery had developed. Mr. Wilson was not prepared to say that, because the relation between employer and employed was that of master and slave, it should be branded as injustice and oppression.[61] The member for Oxford University opposed the slave trade and was prepared for war, if necessary, to suppress it, but he had never accepted the view that property in man was illegal.[62] The political economist, J. R. McCulloch, warned that without slavery the tropics could never have been cultivated and that, as an institution, it was not justly open to the opprobrium and denunciation heaped on it.[63] Look at the system of slavery more calmly, lectured Professor Merivale at Oxford; it was a great social evil, but one differing in degree and quality, not in kind, from many other social evils they were compelled to tolerate, such as the great inequality of fortunes, pauperism, or the over-

[58] *Ibid.*, LXXVII, 1290, 1292, 1300, 1302, Feb. 26, 1845.

[59] Clarkson Papers (British Museum), Add. Mss. 41267A, ff. 178-179.

[60] Hansard, Third Series, LXXXVIII, 4-5, July 27, 1846.

[61] *Ibid.*, XCVI, 85, Feb. 4, 1848.

[62] *Ibid.*, L, 131, Inglis, Aug. 8, 1839; *ibid.*, XCIX, 1324, June 29, 1848.

[63] *Ibid.*, LXXXVIII, 163. Quoted by Disraeli, July 28, 1846.

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working of children.[64] Public opinion, in the words of Lord Denman, had undergone a "lamentable and disgraceful change."[65]

The West India Interest

Against the combined attacks of capitalists and abolitionists the West India interest put up a stubborn fight. If, however, the antagonists were the same as in the previous conflicts over abolition and emancipation, they had changed ideologies in the interim. The former slaveowners were now the great advocates of humanitarianism and free labor. Those who formerly had countenanced slavery in the British colonies were now the most zealous critics of slavery in the foreign colonies. Where formerly, as owners of slaves, they had demanded protection against the free-grown sugar of India, now, employers of free labor, they demanded it against the slave-grown sugar of Brazil. Formerly they had extenuated the evils of sugar cultivation by slaves, now they exaggerated them. When they employed slaves they apologized for the evils of slavery; now that they employed freemen they exalted the blessings of freedom.

They depended on three things to save them, protection, labor and the abolition of the slave trade. To them protection was simply a claim for justice.[66] To refuse it was un-English.[67] The protecting duty was necessary to safeguard the experiment of free labor (paid at twenty-five cents a day) from the advantages of Brazil and Cuba.[68] Did India, however, need this duty? Or did Barbados, with its 750 persons to the square mile, crying out for "living space"?

The planters continued to demand labor as if they were still living in the palmy days of the slave trade. Portuguese,

[64] H. Merivale, *Lectures on Colonization and Colonies, 1839-1841* (London, 1861), p. 303.

[65] Hansard, Third Series, XCVI, 1052, Feb. 22, 1848.

[66] *Ibid.*, C, 356, Bentinck, July 10, 1848.

[67] *Ibid.*, LXXV, 213, Stewart, June 3, 1844; *ibid.*, XCIX, 1094, Miles, June 23, 1848.

[68] *Ibid.*, LVI, 616, Sandon, Feb. 12, 1841.

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Africans, convicts—anything would do. But the great source was India, as Africa had been before emancipation. Between 1838 and 1917 approximately 238,000 Indians were imported into British Guiana and 145,000 into Trinidad.[69] Unrestricted Indian immigration was the appeasement offered to the planters in return for the equalization of the duties.

Thereafter the West Indians turned their attention to the third of their trinity, the foreign slave trade. They had called for its abolition ever since 1807 and had sent special emissaries to England in 1830 to impress upon the government this indispensable prerequisite of British West Indian recovery.[70] A movement of considerable proportions developed in Jamaica in 1849 along these lines. All classes, colors, parties and sects presented a united front; laymen and churchmen, planters and laborers, former slaveowners and emancipated slaves, whites and blacks joined in the cry of justice to Africa, that "the odious term 'slave' [be] expunged from the vocabulary of the universe."[71] In 1807 the agent for Jamaica in England had lugubriously prophesied that abolition of the British slave trade would "occasion diminished commerce, diminished revenue and diminished navigation; and in the end sap and totally remove the great cornerstone of British prosperity."[72] In 1849 the African slave trade and slavery were denounced in Jamaica as "opposed to humanity—productive of the worst evils to Africa—degrading to all engaged in the traffic, and inimical to the moral and spiritual interests of the enslaved."[73]

[69] I. Ferenczi, *International Migrations* (New York, 1929). Figures estimated from tables in vol. I, pp. 506-509, 516-518, 520.

[70] *H. of C. Sess. Papers, Accounts and Papers, 1830-1831*, vol. IX, No. 120, p. 84. Keith Douglas to the Board of Trade, Oct. 30, 1830; C.O. 137/186, Memorial of Jamaica deputies, Nov. 29, 1832.

[71] D. Turnbull, *The Jamaica Movement, for Promoting the Enforcement of the Slave-Trade Treaties, and the Suppression of the Slave Trade* (London, 1850), especially pp. 65, 94, 95, 99, 120, 201, 267.

[72] "The Manuscripts of J. B. Fortescue, Esq., preserved at Dropmore" (Historical Manuscripts Commission, London, 1892-1927), IX, 14-19. Edmund Lyon to Grenville, Jan. 16, 1807.

[73] Turnbull, *op. cit.*, p. 202.

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Gladstone

Sugar was a question of enormous complexity, involving not merely the simple issue of protection or free trade, as in the case of corn, but the more thorny one of free labor and slave labor. Its difficulties have been followed by a consideration of the attitudes of the major interests involved. These can further be illustrated by a consideration of the attitudes of England's three leading statesmen: Gladstone, Disraeli and Palmerston.

Gladstone was a West Indian. His father owned extensive sugar plantations in British Guiana and was at one time chairman of the Liverpool West India Association, while he was also one of the first private traders to venture into the Indian field. The great statesman was therefore well fitted to defend the joint West-East Indian sugar monopoly after 1836. His maiden speech in Parliament had been a defense of the slavery on his father's plantations. All his filial feelings, taunted an opponent, were involved in the question of slavery, and his family connections with West Indian sugar plantations brought out all his eloquence.[74]

The free trader of later years was at that time a protectionist in sugar. But he could not defend the East Indian claim for protection,[75] and he was forced to admit that the distinction between free-grown and slave-grown sugar was not so clear that it could be drawn with uniform and absolute precision.[76] In 1841 he openly supported the policy of suppression of the slave trade, refusing "for small and paltry pecuniary advantages . . . to forgo the high title and noble character they had earned before the whole world", or "to substitute an uniformity in wrong for an inconsistent acknowledgment of what was right."[77] Nine years later the suppression policy appeared to him anomalous and preposterous: "it is not an ordinance of Providence that the government of one

[74] Hansard, Third Series, LXXVIII, 469, Bright, March 7, 1845.

[75] *Ibid.*, CXI, 581, May 31, 1850.

[76] *Ibid.*, LXXVII, 1269, Feb. 26, 1845.

[77] *Ibid.*, LVIII, 167, 169, May 10, 1841.

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nation shall correct the morals of another." [78] And it was Gladstone who led the campaign in England for the recognition of the Confederacy, claiming that "Jefferson Davis and other leaders of the South have made an army; they are making, it appears, a navy; and they have made what is more than either, they have made a nation." [79]

Disraeli

The sugar question was a party issue. If Corn was the King of monopolies, Sugar was his Queen. The Corn Laws and the Sugar Duties were part of the same protectionist policy, motivated by the desire to protect the poor soil of Britain and the poor soil of the British West Indies from the competition of the richer soil of other countries. The aristocracy of the sugar hogsheads joined hands with the aristocracy of corn. Peel, free trader in cotton and silk, was protectionist in corn and sugar. The West Indian cause was ably championed by the protectionists, Bentinck, Stanley, above all, Disraeli.

To Disraeli, equalization of the sugar duties was merely an extension of protection to the slaveowners of Brazil and Cuba. The abolition of slavery had ruined the West Indies. It was the greatest blunder ever committed by the English people, "an exciting topic . . . addressed to an insular people of strong purpose, but very deficient information." [80] When the West Indians bargained the protecting duty for Indian immigration, Disraeli turned the batteries of his scorn on their leader, "mounted on a hogshead of sugar, in a white sheet, holding the taper of penitence, and crying 'peccavi'". [81]

Yet Disraeli condemned the suppression of the slave trade on grounds of economy and as a questionable policy which involved Britain in difficulties in every court and in every colony. [82] The great betrayal was in sight. In 1846 the West

[78] *Ibid.*, CIX, 1162, March 19, 1850.

[79] P. Guedalla, *Gladstone and Palmerston* (London, 1928), pp. 64-66.

[80] Hansard, Third Series, XCVI, 132-133, Feb. 4, 1848.

[81] *Ibid.*, LXXXVIII, 166, July 28, 1846.

[82] *Ibid.*, XCVII, 994-996, March 24, 1848.

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Indies were still to him "a fragment, but a fragment which I value, of the colonial system of England."[83] But to the apostle of imperialism in the seventies, the wretched colonies were, in the fifties, millstones round Britain's neck. "After the immense revolution that has been carried into effect, we cannot cling to the rags and tatters of a protective system."[84] Mercantilism was not dead but damned.

Palmerston

What, then, of Palmerston, the "last candle of the nineteenth century"? The slave trade has been called Palmerston's "benevolent crotchet". In office he accomplished little. Out of office he goaded the government to greater efforts to accomplish what he had failed to do. A simple motion for returns of the slave trade between 1815 and 1843 was accompanied by a speech which fills over twenty-five columns in Hansard, a rhetorical display crowned by a magnificent peroration, which might have been culled from anti-slavery speeches of the last half-century.[85] As if he was appealing to Parliament and the country for full appreciation of his labors in the cause, once every month he drew attention to those labors.[86] But when Manchester's representative emphasized the difficulties which Britain's suppression policy was causing with the Brazilian government and deprecated armed interference, Palmerston spoke about France, Cuba, the Imaum of Muscat, everything but the Brazilian slave trade.[87]

In Palmerston's eyes the distinction between free-grown sugar and slave-grown sugar was irreconcilable to common sense, untenable in practice, founded upon the principle of protection[88] which he opposed as "a principle . . . of fatal injury to the country and inimical to the prosperity of every

[83] Hansard, Third Series, LXXXVIII, 164, July 28, 1846.

[84] *Ibid.*, CXXIV, 1036, March 3, 1853.

[85] *Ibid.*, LXXVI, 947, 963, Peel, July 16, 1844.

[86] *Ibid.*, LXXX, 482, Peel, May 16, 1845.

[87] *Ibid.*, LXXXII, 1058-1064, July 24, 1845.

[88] *Ibid.*, LXXV, 1068, June 17, 1844.

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country to whose affairs it may be applied." [89] He wished to see the word "protection" erased from every commercial dictionary.[90] They had given proof, he thought, of their zeal for the suppression of the slave trade, and if they prohibited the importation of Brazilian sugar, Brazil would think that they did not really believe that free labor was cheaper than slave.[91] By their "absurd tariff and mischievous policy" the government had "sacrificed the commercial interests of the country in the Brazilian trade, in the Spanish trade, and I fear, also in other quarters about to follow, and all for the purpose of maintaining a favorite crotchet, based upon hypocritical pretences." [92]

* * * *

In 1857 the London *Times* wrote with reference to the cotton trade of the Southern states: "it is our trade. It is the great staple of British industry. We are Mr. Legree's agents for the manufacture and sale of his cotton crops." [93] The wheel had come full circle. British capitalism had fostered West Indian slavery and destroyed West Indian slavery—all in the interests of British capitalism. But it continued to thrive on Brazilian, Cuban and American slavery.

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[89] *Ibid.*, CXI, 592, May 31, 1850.

[90] Guedalla, *op. cit.*, p. 30.

[91] Hansard, Third Series, LVIII, 648, 653, May 18, 1841.

[92] *Ibid.*, LXXXII, 550, 552, July 15, 1845.

[93] *Times*, Jan. 30, 1857.

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THE MEANING OF INFLATION

THE term "inflation", though of Latin root, is of English origin. It is found in English writing as early as the fourteenth century in a physical sense—inflation of the lungs—and in the following centuries also in a figurative sense — inflation in the sense of vanity.[1] The monetary application seems to have arisen in this country. Webster's *Dictionary* mentions it for the first time in the 1865 edition with these words, "undue expansion or increase—said of currency."[2] This connotation evidently reflects the discussion of the greenbacks during the Civil War.[3] Since then it has appeared not infrequently in American economic and political phraseology.[4] Although the new term did not really pass into the accepted vocabulary,[5] it was adopted by such notable American writers on monetary matters as A. D. White,[6] C. J.

[1] See subtitle "inflation" in James A. H. Murray's *A New English Dictionary on Historical Principles* (Oxford, 1901) and in *Century Dictionary and Cyclopedia* (New York, 1913).

[2] The last preceding edition was of 1857.

[3] Under the subtitle "inflation", *A Dictionary of American English on Historical Principles* (Vol. 3, Chicago, 1940-1942), however, lists an instance apparently of the use of "inflation" as a monetary term in the year 1841.

Alexander Del Mar, who became in 1866 Director of the Bureau of Statistics, presents in his pamphlet, *The Great Paper Bubble; or The Coming Financial Explosion* (New York, 1864), the picture of a puffed-up balloon with inscribed segments illustrating the "relative inflation of articles" (labor, real estate, merchandise, etc.). The pamphlet which is of a rather inflammatory character —it also attacks President Lincoln—may have contributed much to rendering the term popular.

[4] See the terms "inflation" or "inflationist" in the *Dictionary*, cited *supra*, n. 3.

[5] It is not referred to, for instance, either in J. J. Lalor, *Cyclopaedia of Political Science* (New York, 1893), or, it seems, in W. C. Mitchell's *A History of the Greenbacks* (Chicago, 1903) and *Gold, Prices, and Wages under the Greenback Standard* (Berkeley, 1908).

[6] *Paper Money Inflation in France* (New York, 1876).

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Bullock[7] and A. B. Hepburn.[8] England followed suit only hesitantly.[9] It was during the first World War that the term inflation became internationally adopted in English-speaking countries and elsewhere. Gustav Cassel's sensational study, *Germany's Economic Power of Resistance*, published in 1916 in Stockholm and New York,[10] seems to have started this process. The noted Swedish economist, who was obviously conversant with the American usage, advanced the thesis that Germany was undergoing an inflation—a tenet which gave rise to a keen international controversy.[11] Since that time the term has become familiar in scientific and popular writing all over the world.[12] In English it is employed more vaguely and arbitrarily than in other languages, owing probably to its multiform historical meanings. Leading English writers relate "inflation" to prices, incomes, profits,[13] and what not, rather than to the monetary process itself; and Webster still lists "pomposity" as one of the equivalents of inflation. Never-

[7] *Essays on the Monetary History of the United States* (New York and London, 1900); consult Index, under "inflation", for examples.

[8] *History of Coinage and Currency in the United States* (New York and London, 1903); see Index, "inflation".

[9] The Oxford *Dictionary* (*supra*, n. 1) lists Webster and an American instance of 1878 as the first usages of inflation as a monetary term. English pre-war examples seem to be rare. One would be Sir Robert H. I. Palgrave's *Dictionary of Political Economy* (London, 1900).

[10] A German translation, *Deutschlands wirtschaftliche Widerstandskraft*, by Dr. F. Stieve, appeared in the same year.

[11] See especially Friedrich Bendixen, "Das Inflationsproblem", in *Finanzwirtschaftliche Zeitfragen*, No. 31, 1917.

[12] A few characteristic instances are: The pre-war editions of Johannes Conrad's *Handwörterbuch der Staatswissenschaften*, as well as Léon Say, *Dictionnaire des Finances* (1889-1894), do not contain articles on inflation; the post-war edition (4th) of Conrad—there is none of Say—does. According to Pierre Larousse, *Grand Dictionnaire universel du XIX^e Siècle*, inflation is a term of pathology, "peu usé". The *XX^e Siècle* edition (1931) recognizes only the monetary meaning of the word.

[13] Thus the concepts of "income inflation" and "profit inflation" are set forth in J. M. Keynes, *General Theory of Employment, Interest and Money* (New York, 1936). President Roosevelt, in his radio address of September 8, 1942, accurately stated: ". . . some call it inflation which is a vague sort of term and others call it a rise in the cost of living." *New York Times*, September 9, 1942.

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theless it may be said that whenever the term in English is used without qualification, it ordinarily refers to a monetary phenomenon [14]—that is, to coins, paper money and, more recently, bank deposits — and this is undoubtedly true of the French, German and Italian usage. Significantly, the vernacular Italian transformation of the Latin *inflatio* is *enfiagione* (swelling), while *inflazione* is directly borrowed, as a monetary term, from American English.

In addition to the desirability of having a technical expression for the monetary process as such, the international range of the usage is another reason why the stricter use of the word, being so widely accepted, should be favored. On this score there is no doubt that a marked increase of money, as well as of prices, is one of the prerequisites of "inflation". Other points, however, are questionable. Some writers, for example, consider as an instance of inflation the increase, in Europe, of monetary circulation and prices which, extending over one century and a half, followed the discovery of America.[15] Yet this phenomenon is basically different from those events with which the notion of inflation is generally associated. A secular rise in wealth, population and civilization will always be accompanied by a corresponding increase of circulating media of exchange. The rise of currency within the United States since the beginning of the Republic [16] is another instance. The problems, if any, involved in such secular developments have very little in common with the problem of typical inflations. Inflations not only are relatively of short duration, but they involve an "undue" increase of money, to use Webster's definition, that is, an increase resulting from some devious action by those in control. As was pointed out, the presence of a major increase of prices—in fact of the general price level—should be considered as a further criterion according to common conception.[17]

[14] It was adopted, for instance, by the *Encyclopedia Britannica*.

[15] George F. Warren and Frank A. Pearson, *Gold and Prices* (New York and London, 1935), p. 436.

[16] *Ibid.*, p. 136, figure 4.

[17] Definitions of inflation are many. See, for example, Anatol Murad, "Inflation in Current Economic Literature", in H. Parker Willis and John M.

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Prior to the emergence of paper money, the main device of an "undue" expansion of currency consisted in the debasement (that is, the reduction of the standard) of coins which at the same time retain their name and their unimpaired quality as legal tender. This device — a common topic of contemporaneous legal, economic and theological literature—was thoroughly discussed by the English Privy Council in the famous Mixed Money Case of 1603 with regard to shilling and pence coins, circulated in Ireland by Queen Elizabeth in connection with the Irish war.[18] Another historic inflationary device consisted in "raising the coin"; for instance, in augmenting the value of the "groat", an actual coin type, from eight to ten shillings. This method, which was even more employed on the continent than in England, is unfamiliar to the modern mind. Up to the eighteenth, and in several countries to the nineteenth, century, however, the basic monetary unit (pound, livre, etc.) was not a coin or other tangible object, but an "imaginary" unit[19] of value in terms of which the actually circulating coins—all endowed with individual names—were customarily rated by the authorities. Thus the real value of the unit was indirectly determined through this very rating, in contradistinction to a modern monetary system where the value of the

Chapman, *The Economics of Inflation* (New York, 1935), p. 221; and *Encyclopedia of the Social Sciences*, subtit. "inflation". Quite commonly the increase of money is considered undue where it is out of proportion to the goods available. Murad, in Willis and Chapman, *op. cit.*, p. 230; E. W. Kemmerer, *The A B C of Inflation* (New York, 1942), p. 7. This explanation is helpful in the war emergencies, but it does not cover all of the historical instances of inflation. It does not even fit the German post-war inflation inasmuch as in the world market sufficient goods were "available"; lacking were German funds or credit to buy them. And redistribution of wealth (Murad, in Willis and Chapman, *op. cit.*, p. 232) certainly is a possible *consequence* rather than a *criterion* of inflation.

[18] Arthur Nussbaum, *Money in the Law* (Chicago, 1939), p. 24, notes 3 and 7. See also A. Feavearyear, *The Pound Sterling* (Oxford, 1931), p. 36. Mr. Feavearyear's discussion of the "Great Debasement" under Henry VIII includes the "raising" of coin.

[19] Nussbaum, *op. cit.*, p. 10. The *moneta imaginaria* must not be confounded with "money of account", denoting any "ideal unit", *ibid.*, p. 8, note 29, p. 176.

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various types of coins (and notes) is derived from the value of the basic unit (dollar, point, etc.).[20]

Modern techniques of inflation are different. The newer archetype of it is the excessive issuance of paper money. While the banknotes of John Law (1716-1718), the assignats of the French Revolution, and the German mark of 1918-1923 are the classical instances of paper currency inflation, the first instance in Western civilization is probably the bills of credit issued in 1713 and in subsequent years by Massachusetts.[21] An inflation of this type presupposes that paper money be made legal tender in order to force it upon creditors and upon sellers of goods. Gresham's law will thereby be exemplified; gold and silver will be withdrawn from lawful circulation until the currency becomes totally paper. Paper currency inflation is invariably the result of war or other political upheavals. Under such emergency conditions, however, inflation may develop far beyond the increase of circulating notes and coins. Nor is the expansion of bank credits the measure of inflation. It is rather the creation of formidable and incessantly mounting claims against the government—claims as good as money—which give rise to rapidly growing demands on an ever-shrinking market. This process — here we are confronted with the gravest point of danger — lacks any automatic or intrinsic brakes. The government may check certain effects of inflation, and especially the upward trend of prices; but as long as the pressure of emergency persists, the government is practically unable to stop the rampant growth of government indebtedness.

A different picture is presented by what, in contradistinction to inflation in the proper sense of the word, is commonly called "credit inflation", that is, an independent general policy of banks aimed at a liberal expansion of credit.[22] To be sure, in the execution of such a policy, new claims nearly as good as

[20] There is more on this point in Nussbaum, *op. cit.*, pp. 10 *et seq.*

[21] See Curtis P. Nettels, *The Money Supply of the American Colonies before 1720* (Madison, 1934), p. 268.

[22] Namely, independent of what was described above as an inflation in the proper sense of the word. To the latter type of inflation, expansion of credit is necessarily incidental. For instance, banks buying government securities may strain their credit. But such a situation differs from the one considered above.

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money—namely, against the crediting banks—are created on a large scale, and the government or the Central Note Institute may initiate or support that policy by alleviating rediscount rates or reserve requirements or by other means. Still the procedure remains a business proposition, each bank determining for itself the amount of the loans with an eye to the solvency of the borrower, the funds available, and expected future developments. Certainly credit inflation may bring about a rise in prices, but in this particular case there are intrinsic brakes to crediting—by employing them, the situation can be held in control. Moreover, a credit inflation may affect only the market of certain commodities rather than the general price level, as did the credit inflation which was at the bottom of the stock exchange boom of 1923-1929. It might be difficult to show an instance of an *independent* credit inflation which caused a major rise of the general price level.

It is common knowledge that certain effects, even of a genuine emergency inflation, may be checked by price control, rationing, restriction of travel, and other measures curtailing the free use of money. At their face they give the impression that the inflationary dilution of the money capital is being averted; they leave the money owner under the delusion that nothing has happened to his treasure. As a matter of fact, the same dollar may still buy the same quantity of vegetables, cloth, postal service, and so on. As a result, however, of war exigencies and of emergency measures, not only is the variety of goods and services curtailed, but the amount of dollars expendable, by the individual consumer, for a specified good or service may be limited. While, in a sense, the "purchasing power" of the dollar has been preserved, that quality of the dollar which—in default of a better term—one might call its "choosing power" has been reduced. Inflation has become, as it were, introverted. Of course, the money owner, in addition to his preserved purchasing power, has the chance and hope that after victory the restrictions laid upon his money will be removed and its former vigor restored. The longer a war lasts, however, and the higher government expenditures rise, the less can a full restoration of the original economic potency of the monetary unit be expected. Lasting curtail-

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ment of that potency is then certain; uncertain are its methods and size. To be sure, once the war is ended, the effects of inflation may be counteracted and overcome by deflation, but this device, which was followed by England and other countries subsequent to the first World War, has become utterly unpopular, and it can be practiced only in the presence of relatively minor inflations. In fact, history shows another broad possibility: the reconstruction, on a new basis, of the national monetary system, with a concomitant "revaluation" of the debts and other assets couched in terms of the former national currency. As is evident from the German events of 1923 and 1924, such a proceeding gives ample opportunity for differentiating among the various groups of creditors (mortgage creditors, bondholders, insurance policy holders, etc.); to a great extent its outcome will depend on the political factor.[23] In the case of an "introverted" inflation, likewise, monetary reconstruction and debt revaluation may be the way out of problems that cannot be disentangled by other methods. This prospect adds another uncertainty to those already existent.

Inflation may also be adjusted by devaluation, that is, by an alteration of the equation established by law between the monetary unit and the standard metal.[24] By devaluation the equivalent of the monetary unit is lowered in terms of the standard metal (gold). Thus President Roosevelt, by his Proclamation of January 30, 1934, devalued the dollar from 23.22 to 15 5/21 grains of fine gold. There is much confusion about the relationship of inflation and devaluation; the latter is sometimes considered as identical with or as a phase of inflation. In reality it means stabilization (or an attempt to stabilize), hence the end of inflation, or an attempt to end it. Inflation and devaluation, however, have this in common, that both bring into play the continuity[25] of the monetary unit

[23] See Nussbaum, *op. cit.*, secs. 23, 24.

[24] The significance of these equations has frequently been misunderstood. They do not, and cannot, establish identity of the monetary unit and the indicated metal quantity. What they actually do is to set forth a program of monetary management, mandatory upon all of the agencies of the government. Nussbaum, *op. cit.*, pp. 13, 187.

[25] For an explanation of that continuity see *ibid.*, p. 6.

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which in itself is not affected either by a change of its ratio to the standard metal or by a change in purchasing power.

Despite usage to the contrary, devaluation also differs from the historical debasements which for the most part were inflationary in character. Furthermore, debasement is dissimilar to devaluation in that it relates to types of coins whose physical standard is to be lowered by the process of debasement, whereas devaluation affects the "ideal unit" of the monetary system and may be carried through without any physical deterioration of coins, as is evident from the dollar devaluation of 1934; no gold dollar coin of the lowered standard was ever struck. Debasement without devaluation was effectuated, for instance, by the American law of February 21, 1853 which reduced the silver content of the subsidiary silver coins without affecting the value of the dollar as such,[26] but this debasement was not of an inflationary nature.

Finally, devaluation should not be identified with depreciation. While devaluation presupposes a legal action taken by the government on the basis of a deliberate policy, depreciation is a process going on within society without devaluation. The dollar began to depreciate in terms of gold and foreign exchange when this country, in 1933, went off the gold standard; devaluation was accomplished, as mentioned above, on January 30, 1934. And in England the legal ratio of the pound sterling to gold, after having been abandoned in 1931, has not been restored on a lower level despite the depreciation of the pound.

The terminology suggested in this brief outline conforms on the whole to common usage. Whatever the nomenclature, the distinctions underlying it, the writer believes, should be considered in a systematic analysis of inflationary and related developments. Outstanding though the English and American literature is in the monetary area, it has certainly neglected some of the logical and legal aspects of the matter.[27]

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[26] Neil Carothers, *Fractional Money* (New York and London, 1930), p. 122.

[27] A similar view was expressed by Alfred Marshall.

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POWER POLITICS AND AMERICAN WORLD POLICY

MR. SPYKMAN'S widely discussed volume[1] has had a mixed reception. It has been enthusiastically hailed by those who feel, with justification, that, generally speaking, American professors and publicists have been living during the past twenty years in a dream world of their own creation and that they have misled themselves, their students, and the general public concerning the facts of life in a dynamic world. It has been violently denounced, on the other hand, as a primer for a new American Prussianism, which would base the policies of the United States almost exclusively upon the power factor, with almost cynical disregard of those human, psychological and moral considerations which frequently determine the course of history and which of necessity play a large rôle in the calculations of free men and free peoples. As Mr. Spykman's volume is one of interpretation and opinion, as well as analysis, it naturally has provoked a salutary measure of discussion concerning the place of the United States in world affairs—discussion on a new plane, divorced from many of the old shibboleths which have frequently sterilized American public opinion and shackled American statesmanship, especially as regards the formulation of our foreign policy and the maintenance of our military establishment.

Mr. Spykman and his publishers describe this volume as a "geopolitical study" of American foreign relations. "Geopolitics" has become a mysterious and hypnotic term, lacking in clear definition and, in addition, devoid of specific application to the American scene. In the sense that "geopolitics" (*Geopolitik*) involves adequate consideration of the factor of political and strategic geography —or, to use the author's own phrase, "an analysis of the position of our country in terms of geography and power politics"—it is new only in the sense of emphasis and proportion. But "geopolitics" has a specialized meaning at the present moment—namely, the pseudo science of General Karl Haushofer and his Geopolitical Institute in Munich, which, stripped of all its trappings, is nothing

[1] *America's Strategy in World Politics: The United States and the Balance of Power.* By Nicholas John Spykman. New York, Harcourt, Brace and Company, 1942. 500 pp. $3.75.

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more or less than a rationalization of German imperialism. In these circumstances, it would be well for Americans to use the term "geopolitics" with circumspection, with exact definition, and with full realization—to quote Dr. Robert Strauss-Hupé—that "geopolitics" is "as unprincipled and as cynical as Nazi leadership." In short, the term "geopolitics" has certain malodorous connotations which, for the moment at least, detract from its value in the vocabulary of American scholarship.

This is no mere academic hair-splitting; for it is highly desirable to avoid anything which compromises scholarly work primarily concerned with the rôle of geography in statecraft. Political geography needs a new birth of interest and importance in the United States as a noble study in its own right and as an indispensable tool of the student of politics. It may be queried, however, whether Mr. Spykman does not overstate the case for strategic geography. "Geography", he says, "is the most fundamental factor in the foreign policy of states because it is the most permanent. Ministers come and ministers go, even dictators die, but mountain ranges stand unperturbed." A generalization of this kind is true in a relative rather than an absolute sense, for geography does change. In emphasizing the vital rôle which geography plays in human affairs, this reviewer wrote more than twenty years ago:

> The influence of natural environment upon man should not completely overshadow, however, the influence of man upon his natural environment. Man has removed mountains by tunneling through them; he has turned deserts into gardens by irrigation; he has cut continents in two by the construction of canals; he has harnessed the streams to do his will. Time and distance shrink before the instruments of man's creation,—the ocean greyhound, the locomotive, the airplane.[2]

In addition, advancing military, naval and industrial technology changes the true meaning and the relationship of geographical facts to the power potential of states. For example, the railway and the motor road, plus political unification, enabled Germany to convert her interior position in Europe from a source of great weakness to one of great strength, and the airplane may reverse the process to Germany's disadvantage; the submarine compels a complete reëxamination of all the assumptions of British imperial security and even, *mirabile dictu*, threatens coastal communication between United States ports; air power, by menacing the security of the "narrow seas",

[2] *An Outline of Modern History* (New York, 1921), pp. 125-126.

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destroys the foundation of Anglo-American control of the oceans, and the development of the long-range bomber reorients our political and military thinking from the conventional routes east-west-south to the great circle routes of the north. Mineralogy also enters the picture, for control or loss of control of the world's resources of petroleum by the United Nations is certain to be a political and military factor of great portent for the future. Man, furthermore, is not altogether *where* he is, but also *what* he is; there is no predestination based upon geography alone. Perhaps Mr. Spykman consciously used exaggeration as a means of drawing attention to the factor of geography, which admittedly has been all too often neglected by our students of international politics.[3]

The underlying thesis of Mr. Spykman's book is that, next to geography, power is the basic, controlling factor in the relations between states. "States can survive only by constant devotion to power politics" (p. 18). He does not contend—indeed he specifically denies (p. 7)—that power is the only factor, but his references to moral, legal, cultural, ideological, religious, and similar motivating forces are generally unsympathetic, sometimes sneering.[4] In a world of competitive nation-states—in an order which G. Lowes Dickinson called "international anarchy"—"individual states must make the preservation and improvement of their power position a primary objective of their foreign policy," and the United States, in particular,

[3] Mr. Spykman sometimes goes astray in setting forth the facts of geography. For instance, this statement appears on page 134: "the Amur River reaches the coast at Vladivostok on the Japanese Sea. . . . It was through the valley of the Amur River that Russian eastern expansion reached the Pacific, and it is through the same depression that the great Siberian plain, west of Lake Baikal, finds an eastern outlet to the sea."

The Amur River does *not* empty into the Japanese Sea at Vladivostok, but at Nikolaievsk, in the Okhotsk Sea. The principal trend of the Russian expansion in the Far East was to reach the sea southward, through the Manchurian plain and *not* through the Amur Valley.

[4] Thus on page 18: "The statesman who conducts foreign policy can concern himself with values of justice, fairness, and tolerance only to the extent that they contribute to or do not interfere with the power objective. They can be used instrumentally as moral justification for the power quest, but they must be discarded the moment their application brings weakness."

Bismarck would not have gone so far as regards the imponderables, and it is largely because Imperial Germany from 1890-1918 followed the Spykman thesis that the world, including Germany, has been brought to its present sorry state. See also Mr. Spykman's references to the Good Neighbor policy, p. 64.

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"must accept this basic reality of international society" (p. 7). Americans do not like power politics, partly because of our assured geographical isolation and "partly because of certain religious elements in our national ideology." But in an unstable world "the struggle for power is identical with the struggle for survival. . . . All else is secondary" (p. 18); hence any American grand strategy must be based upon the frank recognition that power and struggle are the law of life: "To hope for a world that will operate without coercion and to decry man's desire to obtain power is an attempt to escape from reality into a world of dreams." In these circumstances it is "not surprising that international relations are conducted to the constant accompaniment of the drums of battle" (p. 25). "War has been a constant phenomenon in international relations in all periods of history" (p. 25). Hence, the military potential of a nation must be consciously and sedulously developed: "Where the ultimate form of conflict is war, the struggle for power becomes a struggle for war power, a preparation for war" (p. 18).

Inasmuch as the war potential, however, is a relative thing (one's own strength as compared with that of one's enemies or allies), any Great Power must pursue a policy of balance of power—or, more accurately, must try to gain "a generous margin" of preponderance of power—so as to be secure against the hegemony of any other state. Small states cannot live by their own strength; they are only "weights in a balance used by others." "When the balance disappears, the small states usually disappear with it" (p. 20).[5] The balance of power has often been represented as "a noble endeavor aimed at the establishment of political equilibrium and the preservation of order" (p. 21). But, in fact, the main objective of the individual Great Power is "the constant improvement of the state's own relative power position"; the balance of power is "a crude attempt to survive in a tough world." Against the objection that people in the Anglo-Saxon countries usually have a less elemental and more beautiful picture of the idea of balance of power, Mr. Spykman may have had in mind George Bernard Shaw's thesis in the preface to *Man of Destiny* that rationalizing power politics is especially an Anglo-American hypocrisy.

The paramount importance of geography and power is, then, the basic thesis of Mr. Spykman's view of foreign policy. His book is

[5] Mr. Spykman also describes a small state as "a vacuum in a political high pressure area" (p. 20).

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a programmatic memorandum of what, on the basis of these two factors, "America's strategy in world politics" should be. First of all, his program contains a negative element; "hemispheric defense" is worse than no strategy at all for the United States. Mr. Spykman shows that the concept of "hemispheric defense" is without substance in the realm of reality; hence he deals a most effective blow to an idea which not so long ago was numbing our political senses like a dangerous opiate. Mr. Spykman's analysis of the geographical, cultural, economic, and other aspects of our Latin-American policy contains little that is new, but is a first-rate analysis and synthesis. It is doubtful if anyone can read and digest his chapters on the Monroe Doctrine, hemispheric defense, the economic and political patterns of the New World, and not come to the conclusion that "the defense of the Americas" is no defense at all, unless it is related to the position of the American republics in the world as a whole. If we lose the war in which we are now engaged, says Mr. Spykman, the New World will be encircled and the United States reduced to the impotent status of "a buffer state between the mighty empires of Germany and Japan" (p. 195). Some of what Mr. Spykman says is more obvious now than it was before Pearl Harbor, when his book was virtually completed. But it will be pertinent later, should isolationism (perhaps associated with nationalism and imperialism) once more raise its head in the United States. In this respect Mr. Spykman's book is a genuine patriotic service, particularly in the present critical period in our history.

Since the Western Hemisphere cannot be isolated from the rest of the world, the security of the New World must necessarily depend on the creation of a general world situation favorable to the United States. Mr. Spykman is not optimistic concerning a new world order—"plans for far-reaching changes in the character of international society are an intellectual by-product of all great wars, but, when fighting ceases, the actual peace structure usually represents a return to balanced power." He warns that "the end of the war is not the end of the power struggle"; on the contrary, the struggle "will be immediately resumed by other means, and the defeated powers will continue to challenge the victors" (p. 457), and the victors, should Mr. Spykman's policies be adopted, will likewise proceed to challenge one another. Basically, the world after the armistice will continue to be a world of competitive nation states, competitive zones of power (in the Far East, Europe and North America), and competitive political alignments. Inasmuch as it is Mr. Spyk-

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man's conviction that, in this world of power politics, the only safe course is to pursue a policy of "balance of power", his recommendations for post-war policy are but a statement of this general thesis in specific terms. The builders of the post-war world had best "eliminate great differences in military strength between states within the same power zone." A number of small states will have to lose their independence because "they are a political hazard to the whole international community" (p. 463). The term "lose their independence" unfortunately suffers from lack of preciseness. It would be helpful if we could know exactly what fate is proposed for Belgium, the Netherlands, Norway and Greece, for example.

In Europe, "if the interests of the United States [says the author] demand the prevention of a federal Europe, they also demand the prevention of the establishment of hegemony over Europe by one or two states" (p. 466). The most difficult problem is going to be the maintenance of an equilibrium of power as between Germany and Russia. "The easiest solution would be to give them a common frontier. But if this should prove impossible, then the political unit between them should be a great eastern European federation from the Baltic to the Mediterranean, not a series of small buffer states" (p. 467). Yet it is not likely that "the ideal of units of approximate equality in military strength and power potential" can be fully realized, and the maintenance of a balance of power as is demanded by the interests of the United States will need constant attention and adjustment. Mr. Spykman would consider, as the best method of giving to the United States the opportunity of controlling the maintenance of the European balance of power, the organization in the "European power zone" of "a regional League of Nations with the United States as an extra-regional member. This suggestion is made in the full realization that a League system is merely an improved balance of power system. From the American point of view, that is an advantage, not a disadvantage" (p. 468).

Approximately the same principles, says Mr. Spykman, should guide our policy in the Far Eastern zone. Yet he realizes that the application of the balance of power principle in the Far East will meet powerful resistance by American public opinion. For a Far Eastern policy based on the realities of power politics will have to assume that "the main difficulty of the post-war period will be not Japan but China. The power potential of the former Celestial Kingdom is infinitely greater than that of the Land of the Cherry Blossom." Despite this, however, American "public opinion will prob-

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ably continue to see Japan as a great danger, long after the balance has shifted in favor of China." There can be little doubt that Mr. Spykman is right in believing that Americans will continue to view China as a friend, Japan as a potential enemy; and in the opinion of a substantial number of observers of Far Eastern affairs they will be on sound ground in so doing, for there are factors in international affairs which do not always fit into highly refined formulas.

According to Mr. Spykman, the time of isolation, of passivity in foreign affairs, is definitely over for the United States. In the future, the United States will need to embark on continuous diplomatic activities in the European, as well as in the Far Eastern, zone, not tied by alliances to one Power or one group of Powers, but with the purpose of watching over the maintenance of an equilibrium of power within the whole zone. Mr. Spykman might have noted that Hitler, in a violent diatribe against English foreign policy in January 1941, said that "an arrangement of powers arose, particularly in Europe, which England termed the balance of power but which in reality was disorganization of the European continent for the benefit of the British Isles." [6] Hitler may have been right or wrong. But it is hardly misleading to say that the strategy which Mr. Spykman recommends to the United States — despite his advocacy of regional leagues of states—is the disorganization of Europe and the Far East for our benefit; and it is highly dubious whether the United States could, in fact, benefit from such a state of affairs. On the contrary, we can survive as a democracy only in an ordered world.

Acceptance of Mr. Spykman's recommendations would mean an entirely new departure for American foreign policy. It is not true, as Mr. Spykman seems to suggest, that pursuit of a balance of power has always been a guiding principle of the foreign policy of the United States, and that only lack of political realism has hidden this unpleasant fact from the eyes of the American public. Certainly, no student of history can deny that the United States has been the beneficiary—perhaps the principal beneficiary—of a European and even a world balance of power. Without the rivalry between England and France and without the working of the European balance of power, we would hardly have achieved independence, and we have rightly

[6] There can be little doubt that Europe as a whole was thoroughly fed up with the political and economic Balkanization of the Continent. Had Hitler pursued a wise and generous policy after the fall of France—had his "New Order" been something other than a gigantic fraud—he might have achieved some semblance of European federation under German hegemony.

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viewed with serious concern and grave misgivings the potential hegemony of any Power or group of Powers in Europe. Benefiting from the European balance of power is not the same, however, as consciously pursuing a balance of power policy. Mr. Spykman himself admits that a balance of power is no cure for war; on the contrary, war forms an integral part of a balance of power system and will always be its ultimate outcome.[7] By determining to maintain a balance of power in Europe and in the Far East, we shall also of necessity accept the onus for wars which occur in these regions. A foreign policy of this character would be in flagrant conflict with all the ideas and ideals which we consider our political heritage and on which the whole superstructure of American life is built. It is hard to see how belief in our institutions could survive, should our political practice treat with avowed disregard the very principles on which our institutions are founded.

Yet Mr. Spykman is not much impressed by arguments of an ideological and moral nature, for he considers them signs of political immaturity. A state which does not adapt itself to the harsh realities of power competition will not survive; therefore, to him, the question which above all else deserves examination is whether his suggestions for America's political strategy will, indeed, guarantee the power position of the United States. It is essential to meet him on this ground. What matters, then, is that even from the point of view of political realism, Mr. Spykman's suggestions are open to doubts and objections. The example of Britain, which, after the last war, turned against France and played the old European game of the balance of power,[8] and now has to re-fight the war of 1914, should give serious warning to all those who are prone to neglect longer political trends in favor of clever political maneuvering. Moreover, it appears even more than doubtful that there is any point in trying to use Germany as a counterweight to Russia; all population statistics show that the birth rate of the German people is stagnant or in decline, whereas the Russian population is increasing with amazing rapidity. In 1970 the Russian population will be at least three times as great as the German population and, since the advantages of developed and poten-

[7] In general, Mr. Spykman ignores the Liberal indictment, from Cobden and Bright to Woodrow Wilson, that the balance of power lies at the root of the war system. Cobden once called it the nearest conceivable approach to perpetual motion—a continuing and continuous cause of war.

[8] This is admittedly an oversimplification of British policy but is substantially correct for the first decade after the Versailles Treaty.

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tial natural resources are all on the Russian side, it is hard to see how a Germany defeated in this war could possibly serve as a serious obstacle to Russian ambitions. Nor is there much in the history of Russo-American and German-American relations to suggest that American interests would be served by encouraging Germany in any such purpose.

Mr. Spykman's advice to play off Japan against China seems to be of an equally dubious character. He makes much of the inconsistency of requiring that "Japan accept a Chinese empire from Vladivostok to Canton and at the same time [of supporting] Great Britain in her wars for the preservation of buffer states across the North Sea" (p. 470). Yet this attitude is hardly as illogical as Mr. Spykman thinks. He makes the naïve mistake of assuming that because Britain is an off-continent island empire and Japan an off-continent island empire, they are one and the same to us—an admirable illustration that everything is not shown on the map. Leaving aside all questions of political ideology, national psychology, and the like, and taking into consideration primarily relative strength of population and resources, the position of England in relation to the European continent is hardly comparable with that of Japan toward China. Moreover, Europe has been split up and divided for many centuries past, whereas, in cutting up the Chinese empire, we would have to work against more than a thousand years of historical trends and, judging by Chinese resistance to Japan today, against one of the most powerful present-day world forces. Should we follow Mr. Spykman's advice in Europe and in the Far East, the logical outcome would probably be that we would rid ourselves of the German-Japanese alliance only to be threatened by the squeeze of a much more dangerous and more powerful Russo-Chinese coalition. In fact, the strategy which Mr. Spykman recommends might prove to be not a policy assuring the balance of power but a policy which would cause us to lose both our shirts and our souls.

It is a question, however, whether all these speculations and slide-rule measurements of possible future power constellations are not dated and futile; it might be more realistic to acknowledge frankly that in the age of the long-range bomber our whole strategical outlook has changed and that most previous political devices have lost their usefulness and validity. At the end of the war the only choice we may face is that between a more stable organization and the end of all organization, between some sort of order and complete anarchy. There may be no middle way. The balance of power may well land us all in a crematory.

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Mr. Spykman would be the first to admit that his theses are not altogether original or novel, except, perhaps, in manner of presentation. For example, the balance of power, in its relation to the security of the United States, is a recurrent theme in writings on American statecraft. It is at least as old as John Adams, Franklin and Jefferson. More recently, it has been part of the intellectual and political equipment of the two Roosevelts. It is the subject of numerous monographs by American historians, publicists, and students of politics.[9] It has entered into the calculations of the Department of State whenever we have been confronted by a major crisis like Napoleon's reacquisition of Louisiana, Canning's proposals which led to the enunciation of the Monroe Doctrine, the Maximilian intervention in Mexico, the Venezuela affair under Cleveland, and the Spanish-American War. Richard Olney, President Cleveland's distinguished secretary of state, is reported to have said that "were the career of a Napoleon ever again to approach or even to threaten repetition, not merely sentiment and sympathy, but the strongest consideration of self-preservation and self-defence might compel the United States to take sides"—a remarkable prophecy vindicated during the years 1914-1917 and 1939-1941.[10]

On the other hand, as Mr. Hull has said repeatedly, the United States also has a vital interest in an ordered and stable world. The deep-rooted American suspicion of the balance of power has been based not so much upon naïveté as upon a conviction that, as a system, it has contributed neither to order nor to stability. It must be remembered, also, that the Anglo-American concept of the balance of power has heretofore been consistent with the practice of "splendid isolation"—a kind of irresponsibility which Mr. Spykman rightly denounces as "the vicious cycle of isolation, alliance, and war". During the quarter-century beginning about 1890, Europe and the Far East lived under a precarious balance of power with the result,

[9] See, for example, A. C. Coolidge, *The United States as a World Power* (New York, 1908), J. F. Rippy, *America and the Strife of Europe* (Chicago, 1938), Tyler Dennett, *Theodore Roosevelt and the Russo-Japanese War* (Garden City, 1925), and *The Correspondence of Theodore Roosevelt and Henry Cabot Lodge* (2 volumes, New York, 1925), none of which is cited in Mr. Spykman's lengthy bibliography.

[10] Lewis Einstein, "The United States and Anglo-German Rivalry", in *The Living Age*, No. 3579, February 8, 1913, pp. 323-332. This was a semi-official statement of American policy, prepared within the Department of State by an experienced diplomatist. It has been well known for years to most students of American foreign relations.

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to quote an American historian, that the world "moved crazily from one crisis to another" and finally to catastrophe.

We cannot lightly dismiss the possibilities of European or wider federation or some other means of achieving political stability in Europe and the Far East—certainly not on the grounds that it would be opposed to the fundamental interests of the United States. The "crude device" of the balance of power is predicated upon continuance of the war system; and if we build the future upon any such premise — without heroic efforts of another character — we must be prepared to admit the complete bankruptcy of Western civilization. Where Mr. Spykman is indubitably right, of course, is in his conviction that until something less crude is, in fact, established, we must spend whatever wealth and sweat may be necessary for the achievement of military security, based upon the power factor alone. But the present state of industrial and military technology is such that there hardly can be security for one without security for all—a security based upon a more integrated political system than the modern world has thus far known. To be sure, as Mr. Spykman says, force is the cornerstone of security. But it does not have to be irresponsible force, irresponsibly controlled. It might be force centralized and regulated in the interest of a wider community than any single nation, even if that nation be our own United States—a wider community than any regional leagues created primarily for the purpose of balancing power. Must we admit, in sorrow, that we have learned nothing from the bitter experience of the past twenty years? Are we prepared to face the possibility that war may destroy us if we do not succeed in destroying it?

As already has been said, Mr. Spykman's work has been influenced by the pioneer work of others in his field—a fact which the author does not always make clear. There are understandable reasons for the omission of footnotes from his text. On the other hand, the footnote is a device which, used with discrimination, adds authority to the work of any author. Certainly Mr. Spykman's book would have been of greater value not merely to other scholars but to the more general reader as well, had he indicated the extent to which his conclusions are supported by others. For example, Mr. Spykman makes extensive use of the concept of the "three Mediterraneans" formulated by Friedrich Ratzel more than forty years ago.[11] It would

[11] *Das Meer als Quelle der Völkergrösse: Eine politisch-geographische Studie* (Munich and Leipzig, 1900). Neither this nor any other work of Ratzel is listed in Mr. Spykman's bibliography.

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not have weakened the forcefulness or utility of the author's case if he had indicated that he had the support of one of the foremost political geographers of our time—especially as Ratzel is one of the idols of the geopolitical school. Similarly, Mr. Spykman obviously agrees with and appears to have been influenced by Morton Fullerton, Ellsworth Huntington, and others to a degree which would warrant their being marshaled in his support. There are other respects, too, in which the author might have fitted his volume into the larger framework of American scholarship and American history.

There is nothing pedestrian about Mr. Spykman's writing. He is clear and forceful and has the gift of turning neat and clever phrases. Some of his epigrams will bear scrutiny, and some seem designed to shock as much as to inform. That the volume will have great influence upon its readers, a very considerable audience, is apparent. It will have a good influence in the sense that geography, power, military strategy, and other heretofore neglected factors in American policy will receive more nearly adequate consideration. Whether its influence will be good or bad in other respects—especially as regards its advocacy of certain specific courses of action — is, of course, a matter for debate. It is always refreshing, however, to find an author who has something to say and who says it well, even if one is compelled to challenge some of his premises and conclusions.

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POSTSCRIPT: Since the foregoing was written Professor Spykman has addressed a letter to the editor of *Life* (published in the issue of January 11, 1943) in which he objects to being described as an exponent of "cold-blooded power politics". The following extract from his letter deserves to be quoted, in fairness to its author, because it seems, in fact, to be a departure from the spirit and argument of his book as a whole: "My interest in a balance of power is not merely inspired by a concern for our power position, but also by my conviction that only in a system of approximately balanced power is collective security workable. Only under such conditions can common action create overwhelming power on behalf of the international community. If there is no possibility of balancing power, there is no possibility of restraint and the less power required

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to checkmate aggression, the more likely are states to make good on their guarantees. I am in favor of a balance of power in Europe and Asia because only under such circumstances can the United States, which is far away, participate effectively in the preservation of international order and undertake positive commitments to preserve the territorial integrity of small states across the oceans." Mr. Spykman considers that the foregoing is an accurate statement of the position which he has taken in *America's Strategy in World Politics*. Only a careful reading of the book will enable readers of this review to judge whether such is the case. If it were so, Mr. Spykman would be advocating "checks and balances" within a federal system or a group of federal systems, not a "balance of power" within a system of sovereign states.

E. M. E.

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REVIEWS

The Future of Industrial Man: A Conservative Approach. By PETER F. DRUCKER. New York, The John Day Company, 1942. —298 pp. $2.50.

The title of Mr. Drucker's book might lead the unwary to infer that it is either a prophecy of the shape of things to come or a detailed blueprint for the reorganization of our society. Nothing could be further from the truth. Mr. Drucker is a conservative—and it is perhaps well to add a radical conservative—insisting on the need for continuity and on the preservation of the essential values in our tradition, but insisting not less that we must accept modern technology with all its implications if we are genuinely to realize the values embodied therein in a functioning society. Only a functioning society can be a good society, and only a society with a clear scheme of values related to its distinct technological necessities can function in a stable way. Mr. Drucker in fact argues that the highest moral insights, those embodied in the essential Christian tradition, must form the basis for our modern industrial world, and that that industrial world in turn provides adequate means for the realization of the concepts of personality and freedom which are the essence of Christian teaching.

Any genuine doctrine of freedom, Mr. Drucker urges, must rest on the acceptance of the ambivalence of human nature, that is, on the acceptance of the finite character of man; and on the rejection, consequently, of any doctrine of human omniscience. This implies respect for the personality of others and acknowledgment of one's own limitations, and is therefore the foundation for genuine democracy. It involves the rejection of a government by an élite, rejection of the absolute majoritarian thesis, and rejection of all ideas of planning by rigid blueprint. It implies the acceptance of collaborative experimentalism, but not of a purely instrumentalist empiricism.

The problem then is how to realize this ethic in an organized society resting on an industrial basis. For Mr. Drucker, while not arguing that the large-scale corporation is everywhere, or perhaps even anywhere, predominant in the sense of directly controlling the lives of a majority, does argue that it is the typical form of economic organization and constitutes the essential pattern and the ultimate control of modern society. What, then, is the problem it presents?

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It has grown out of an earlier mercantile society, itself a going concern, with an appropriate set of values and organization in what Mr. Drucker calls the socially constitutive sphere. But, owing to a time lag and allegiance to the former ideas, modern industrial organization has failed to develop its own morality and its own institutional operations, while the former ideals are irrelevant to its needs. The main consequences of this are, first, that power in the economic sphere, dominantly managerial power, suffers from an enforced arbitrariness and enforced irresponsibility, and, secondly, that a vast number of people are turned into mass men, robbed of any sense of function and position in a going community, and rendered dangerous to free society. The organization of industrial society, then, requires a genuine institutionalization of responsible social economic leadership which will give meaning and justification to the power of its directors and will give a sense of a place in life to those now their subjects.

All this is to state rather than to solve a problem, and, save for his need of assistance in collaborative planning, Mr. Drucker does not help us very greatly to know what to do. Nevertheless, it is of first-rate importance to dispel illusions as to a possible return to normalcy and to insist that it is properly conservative to accept the new world of technology and then to search for new organizational and constitutional principles within it based on a meaningful revivification of the essential concept of human freedom. Mr. Drucker's conservatism is a brilliant plea for the essence of liberalism against both the orthodoxy of the traditional liberalism of laissez faire and the arrogant pseudo liberalism of those who deem immediate reform, by experts for the good of the ruled, more important than the essential methods of democratic tolerance and compromise based on Christian humility. His insistence that liberty is not efficiency, that democracy is not government alone, and that the modern Platonist, with his planner or administrator guardians, offers no answer and, despite his rationalism, no effective opposition to the totalitarian theory and practice, is as wise as it is today disturbing.

Nevertheless, Mr. Drucker's analysis is not completely convincing. The organization of the socially constitutive sphere under responsible managership may indeed give men a sense of place in the industrial order, as it may also effectively counterbalance and limit the power of the political order. But, by reason of the very narrowness of its rôle, one may question whether it will embody a view of the nature and destiny of man or provide that basis for ethical judgment of always limited secular authority which was the essence of the medieval

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church. Indeed, one is tempted to suggest that the modern democratic state has as its essential task the rendering responsible of the industrial organization; and that, provided that state is conceived as community organized, rather than government all-powerful, there is less danger in the extension of its powers than in Mr. Drucker's own scheme. For it will rest on an essential pluralism of groups, some of which will have dominantly moral concerns, and their interacting pressures and interests will be more likely to insure that dynamic planning and limitation on majorities which Mr. Drucker desiderates. His own solution, based on the analogy of the nineteenth-century money-market organization, is apt to create a power too grossly, yet narrowly, material in its concerns; and in grave danger thereby of becoming itself a totalitarian leviathan. For, while industrialism doubtless helped destroy the functioning of the nineteenth-century social organization, one may suggest that the latter was more corrupted by the development of its own limited principles than Mr. Drucker is prepared to admit. The writer, at least, finds that not the least persuasive part of the analogy; and notes with interest that Mr. Drucker, so properly urging that liberty is not efficiency, and fearing efficient totalitarianism, is a little too ready to take the position that, because men ought to prefer the harder road of freedom, it is incumbent on us to ignore the fact that, however much they may want liberty, they will insist on the liberal state's achieving a considerable efficiency, without which it, and liberty, perish. Finally, Mr. Drucker's industrial order, if it is to be responsible, is on that very basis to be efficient. This is to prejudge the issue and to end in industrial monism: like a more celebrated and sinister balance of powers, Mr. Drucker's does not balance.

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Agenda for a Postwar World. By J. B. CONDLIFFE. New York, W. W. Norton and Company, 1942.—232 pp. $2.50.

Professor Condliffe, who for a number of years was responsible for the admirable issues of *World Economic Survey* published by the League of Nations, has brought to the study of the bewildering problems of post-war reconstruction the same keen insight, sound theoretical approach, and scholarly caution that have invariably characterized his earlier writings. Although his small volume deals primarily with the economic issues likely to arise in the difficult years of transition from war to peace, it also provides a general outline of the world

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community he expects to emerge from the great struggle. His basic assumption is, of course, the total defeat of the Axis Powers, but he makes it clear that victory itself will offer no solution for the difficulties besetting mankind and that unwise and selfish policies after the war might well destroy the fruits of a hard-won victory. "Few with practical experience of the working of international politics retain any millennial illusions", he writes. "The struggle for sanity in the relations between individuals and between states is long and disappointing. It has gone on for centuries and will go on beyond our time." There is much truth in the author's analysis of the causes of the present upheaval. "The economic causes of war are often exaggerated", writes Professor Condliffe. "Political causes are far more important. But the failure to achieve international economic cooperation in the years before the war opened the way for political factors to operate. The greatest responsibility for that failure must devolve upon the great trading nations who were unwilling to adapt their economies as international necessities demanded."

Professor Condliffe does not believe in neat comprehensive blueprints for a brave new world. He merely advances, with all the caution inseparable from genuine scholarship, a set of general principles which he thinks should be applied in the somewhat unpredictable situation that will confront the victorious nations at the end of the war. He ventures the perhaps too optimistic guess that "the realities of a desperate situation may give little scope for doctrinaire advocacy of free enterprise or socialist planning." His own proposals endeavor to combine concessions to the exigencies of a sadly regimented world with the traditional principles of liberal economics; he also advocates the creation of a "supernational" organization to replace the defunct League of Nations. While Professor Condliffe does not believe that "the world after the war can return to as large a measure of private enterprise as existed before 1939", he shows little admiration for the efforts of zealous planners. "This is not a war to make the world safe for bureaucracy . . .", he writes. "Autocratic and authoritarian controls have proved efficient for limited purposes when there has been a certain ruthlessness in their administration; but democratic discussion and executive efficiency in detailed planning do not go well together." He rightly insists that at the end of the war "every opportunity should be taken to abolish specific production and price controls while retaining general control by means of monetary and fiscal policies." If this program is not put into effect during the replacement boom which is likely to follow the termination

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of hostilities, Professor Condliffe warns, "particular vested interests —among them the bureaucracies seeking to perpetuate their powers —may seek in the ensuing depression to saddle a mass of restrictive controls upon the community. The end result of such a development is the totalitarian state." Whether this supreme calamity can be avoided will depend in no small degree on who will control the destinies of the victorious nations in the final stage of the great struggle.

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Fiscal Planning for Total War. By WILLIAM L. CRUM, JOHN F. FENNELLY and LAWRENCE H. SELTZER. New York, National Bureau of Economic Research, 1942.—xxvi, 358 pp. $3.00.

No subject at this time could be more important than that to which the authors of this volume have addressed themselves. The book which they have written deals comprehensively with the broad outlines of financing modern war. Starting out with a discussion of the financial task ahead of America in World War II and an analysis of the national income produced, its distribution, and expenditure by consumers, the authors compare the rôles of fiscal and direct controls in wartime and then proceed to state the principles of war financing. In their study they were aided by a large number of experts.

The objectives of war financial policies are seen to be the facilitation of the maximum production for war needs, the diversion of necessary resources to the war machine, the equitable distribution of war costs among our citizens, and the minimum derangement of the post-war economic organization. With these objectives there can be little quarrel, as they are broadly stated. They clearly imply the prevention of runaway inflation and a looking ahead to the grave financial problems which will undoubtedly follow the war.

The authors do not prescribe in detail their plans for the winning of the battle of finances. They are content to rest their case with the statement of objectives, the analysis of the financial problems ahead, and the offering of various alternative methods, with their advantages and disadvantages, as the authors see them, plainly marked. Admittedly their estimates of the national income, expenditures by consumers, federal tax collections, federal expenditures, and other items may not coincide with the facts of a fast changing financial situation, but these estimates are illustrative of the problems we must overcome.

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Assuming federal expenditures of $76 billion in the fiscal year 1943, the authors would raise at least $40 billion in taxes in an effort to head off dangerous inflation. Three alternative tax plans are outlined. From this tax menu the reader may take his choice, but each plan would require heavier levies on corporation profits, and higher individual income, excise, and social security taxes. The second and third alternatives offer the choice of a lighter or heavier sales tax. No sales tax is advocated but its consideration is invited. The graduated spendings tax, at a very stiff scale of rates, is suggested as a possible new tax, the success of which would depend upon its restriction of consumer spending rather than upon its revenue.

The group with incomes between $1,750 and $10,000 will have to bear the brunt of the new taxes because they will receive the great bulk of the increases in spendable funds. This group will also have to provide the great outlet for war bonds. The fundamental purpose of taxation and borrowing, as the authors see it, has become the limitation or curtailment of private spending. The volume of consumer spending must be kept within bounds if an inflationary rise in prices is to be avoided.

The authors wisely look to compulsory loans as an alternative to excessive reliance upon voluntary lending, and they call attention to the desirability of cutting nonwar expenditures by $1 billion or more. They show a greater willingness to accept very heavy taxation than the public or the government has thus far evinced. The reader will not find all of his thinking done for him, but he will see here the bold outline of a program of war financing, the gaps in which he may fill in himself if he has the mind. The study is a thoughtful product of scholarship which should provoke wide discussion.

ALFRED G. BUEHLER

UNIVERSITY OF PENNSYLVANIA

Financing the War. Symposium conducted by the Tax Institute. Philadelphia, The Tax Institute, 1942.—ix, 357 pp. $2.50.

Many-faceted as are the problems of war finance, they can be summarized in the following: "What kind of taxes will raise the necessary money, prevent inflation, and be least likely to cause social and economic dislocation?" A symposium held by the Tax Institute attempted, with the aid of eighteen experts, to answer this question; and the papers there presented are brought together in this timely volume. The problems outlined the week before this country

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declared war have proved to be the fundamentals about which fiscal discussions have since revolved.

The stage for the succeeding discussions is set in Part One, "Surveying Federal Finances". In the first of the two papers, Robert Warren points out that the function of war finance is more than just paying for the war, more than just fiscal policy. It is rather the distribution of national income so as to cause the minimum impairment of the existing cultural pattern, so as to "provide for the requisite military effort, to distribute equitably the pecuniary sacrifices involved by this effort, and to forestall the development of vested interests in the indefinite perpetuation of the war society" (pp. 3, 24). Also, by abandoning the price system, which effected these allocations in the first World War, we are permitted to go beyond what would otherwise be limits to the duration, the magnitude and even the ferocity of warfare.

In further outlining basic concepts, Homer Jones says that current fiscal policy will determine our post-war economy. He claims that the middle and upper classes should, for selfish reasons, advocate higher taxes rather than rationing, because they would then be able to enjoy greater consumption than under rationing, which is a planned economic system that distributes the resources and economic products of a nation through some method other than prices. But he is willing to admit that high taxes will level incomes, while rationing would perpetuate the high ones (p. 40). He is not in favor of taxing the new income earners, but feels that their increased consumption should come from corresponding reduction by those who were already earning incomes (pp. 47-48).

Part Two, by F. E. Seidman, is concerned rather with the "influence of excess profits taxes on business policy" (p. 68), than with financing the war, except through the indirect aspects of "abnormal and monopoly profits" (p. 71), and the generally inflationary trends of such taxes.

Part Three, "Control of Inflation Through Revenue Policies", is the most interesting section of the book. D. C. Cline opens the discussion with an outline of the growth of sales taxes in the past decade, a summary of the pros and cons of a national sales tax which he eschews (pp. 83-85), and his advocacy of a selective sales tax. Alzada Comstock adduces examples from Canada, Germany and England to show that income and profits taxes can play but a minor rôle in the control of inflation, unless part of a scheme of direct consumption control through priorities, allocation and rationing.

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Collection of income taxes as the money is earned, lower exemptions and higher rates are recommended by S. E. Leland. He desires broader social security taxes and benefits. After working all these to their utmost, resort should be had to temporary sales taxes and finally to forced loans, deferred wages and the like. Gross income tax collections are again put forth by Professor Harley L. Lutz, who curiously omits from his tax base the income from those securities which are now tax exempt (p. 141). He wisely suggests collection at the source, as soon as possible, and with great frequency.

Forced loans and social security taxes, aptly described by A. G. Hart as "sweetened taxes", might lead to a reduction in voluntary saving and thus have little effect on spending. The net result would be to permit "high-income groups [the savers] to push their consumption forward in time, that is, to borrow from low-income groups" (p. 165).

A complicated, roundabout method of forcing all creditors to take, in effect, 20 per cent or some other fixed percentage of their repayments in government bonds is described by C. C. Abbott (pp. 176, 178). His assumptions, however, are of material significance, and raise grave doubts as to how much of a "new" market for government securities would thus be created.

Adjustments to ease the impact of defense taxes are discussed by W. W. Heller, C. L. Kades, C. B. Pond and C. P. White.

In showing how Britain is avoiding inflation, B. Thomas describes how indirect control via fiscal measures had to be aided by direct quantitative controls. He credits lend-lease as another factor which checked inflation. But how can Mr. Thomas offer as "the acid test" that there is no inflation the fact that "the Government and the public are spending no more (or only a little more) than the value at present prices of goods and services available for consumption"? This is true whether the price level be 10 or 100 or 1000. The volume of goods sold times their price must obviously equal the value of money turnover (i. e., $PT = MV + M'V'$).

Mr. Wynne, in discussing Canadian war finance, considers income taxes as the most powerful instrument of war finance, but shows the need for direct controls. "The essential task of war finance is to help channel the human and material resources of the nation into the production of war goods and services as far and as fast as the scale of the conflict may necessitate" (p. 287), and finance should not be permitted to stand in the way of the steady expansion of the economic effort toward victory (p. 298).

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It is regretted by the reader, as well as by the editor, that Mr. Otto Jeidels' address on war finance in Germany could not be published.

Probably not as relevant to the topic at hand as the reader might wish, but of some correlative interest, is Part Six, which treats of tariffs and international relations. Mr. B. B. Wallace claims that "there is no close correlation between the extent of the injury caused by trade barriers, and the amount of international friction generated", and that they do not contribute directly or indirectly to the outbreak of war. Mr. G. Kirk, on the other hand, says that "the relationship of depression-engendered trade barriers to the intensification of political tension—and ultimately, the outbreak of the present war—is spread clearly upon the pages of contemporary history."

Although there is bound to be some repetition from paper to paper, the book is a comprehensive symposium of expert and informed views on the pressing economic problem of the day. The papers are broad and inclusive, and should furnish perspective to educator, administrator, economist and taxpayer.

JAMES D. PARIS

GREAT NECK, NEW YORK

Unfair Competition: A Study in Criteria for the Control of Trade Practices. By JOHN PERRY MILLER. Cambridge, Harvard University Press, 1941.—xiii, 438 pp. $4.00.

In a world increasingly dominated by strategies of monopoly-directed *Realpolitik* is there any longer much point in prolonged discussion of "fair" or "unfair" competition? The very expression implies the possibility of practical agreement, or near agreement, on the meaning of both "fair" and "competition"; yet we know there is neither. We are, in fact, further away from agreement than we have ever been. This holds whether one considers the irresolutions of official policy, or the conflicting judgments of professional economists.

Thurman Arnold has found that in the past, anti-trust laws and controls have been able neither to counteract advancing monopoly, nor greatly to slow it down. Under his leading dicta, which mark off the encroachments on competition which the Anti-Trust Division will not prosecute, it is possible to organize all industry and trade into giant industry-wide monolithic structures termed, so dourly, by the London *Economist*, as a "feudalistic system of cartel controls". The counsels of the expert professionals, consulted by Mr. Arnold, have served in more recent times rather to deepen than to dispel the confusion.

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It is certainly no part of Professor Miller's intention to leave any such an impression. Yet his lengthy review of the changing issues, centered on the problem of maintaining some semblance of "free competition" in the American scene, and of the many efforts, legislative, legal and administrative alike, to catch violations, leaves no other certain conclusion. The N.R.A. and the whole movement toward "industrial self-government" are found to be not isolated phenomena, but links in a chain of development responding "to the increasing risks of modern business" (p. 350). True, N.R.A. sinned in the direction of forced control directed by a superior "centralized body" (p. 357), but the business groups which sponsored the N.R.A. did not, as the author implies, eventually fall back "upon the idea of a free market." They went forward to the spinning of a vast and complicated web of controls which the T.N.E.C. has analyzed at such length (largely missing, in the process, the cartel-like character of increasing percentages of trade association activity), and which the Anti-Trust Division has found both so pervasive as to be well-nigh universal in the business world, and so many-faceted and adroit as to make control by any current means available practically impossible. The fact that this swiftly expanding web of collusive practices is commonly justified in the name of "fair competition" only serves to point up the complementary truth that the expression has become a cloak which obscures the breaking down, not the shoring-up, of what is left of the competitive world.

In a final chapter on "The Problem Reoriented" Professor Miller practically admits that the newer "positive approach" may be neither new nor positive. His discussion at this point becomes little more than the hope that control may somehow keep business efficient and monopoly benign. But what kind of control? Exercised by what agencies? How, and to what ends, so far as competition is concerned? These questions go unanswered.

Perhaps it is just as well that they do, for any attempt to speculate very far along these lines would compel the author to pay attention to much which he has neglected, but which is surely relevant to his discussion. For example, what would a careful paging through of the British Balfour Reports, the monumental German *Enquete Ausschuss* reports, or the hearings and studies of the T.N.E.C. have shown as trends, bearing upon the issues of "unfair competition", concerning the rise or decline of competition per se, or the effectiveness of "free enterprise" minded governmental controls, or the impact on business organization of the newer—"rationalization" type—

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developments in mass production technology? Were the wartime controls which Rathenau inaugurated in Germany during the first World War, and which Wissell and von Moellendorf tried to adapt to the Weimar state, in line with past German economic developments, and were they prelude to the inauguration of the Nazi system? Was there anything peculiar about German history which makes comparison with American experience along these lines without value? Were the Nazis correct in considering, as they did, N.R.A. an American adaptation similar to their "new economic order"? Or, what of British experience with their various peacetime and wartime reorganization schemes? The *Economist* regards the current war organization in England as a logical product of past trends toward a universal scheme of all-inclusive monopoly controls, and suspects that they may well turn out to be the very negation of the things England is fighting to preserve in the economic world. Yet this new machinery is almost identical in structure and command with the type being elaborated by W.P.B. in this country. The launching of the Nazi "corporate economy" was paralleled by an enormous outpouring of literature on "fair competition". Is that sheer accident, or is there a causally significant connection?

Such a summary as Professor Miller has made is useful to those unfamiliar with the literature on trusts and fair-trade practices. He moves surely and competently through the history of legislation and court dispute (it has been surely and competently summarized many times before), though not without benefit of asking many minor questions which only serve to dull the reading and unduly expand the text. But, is there any significance in attempting to handle historical materials without reference to or analysis of the appropriate historical setting, or without effort to grapple with the issues of changing industrial, business and governmental structures, with which the problem in hand is so closely interrelated as to become virtually meaningless when abstracted from them? So to phrase the question is also to answer it. For the result, painstaking and careful as it is, appears in retrospect to be either a mere elaboration of the obvious or a source of confusion to both author and reader alike. The parts that go to make up the puzzle are not pieced together in such a fashion that the picture helps either party to know what to do with the exigent emergencies of war or peace. And of what value scholarship if it does not do this—particularly when it addresses itself directly to policy issues?

ROBERT A. BRADY

UNIVERSITY OF CALIFORNIA

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British Unemployment Programs, 1920-1938. By EVELINE M. BURNS. Washington, Committee on Social Security, Social Science Research Council, 1941.—xx, 385 pp. $2.75.

This is a study of the British methods of handling the problems of mass unemployment in the period between the two world wars. It is written for Americans and by an able American scholar, but with the understanding of an insider.

The author was born and educated in England and in the nineteen twenties was an official of the British Ministry of Labour, as well as a Lecturer at the London School of Economics. In this country, she has won recognition as one of our foremost authorities on unemployment insurance and other aspects of social security. Twice she revisited her native land to study first hand, for extended periods of time, the actual operation and results of the British programs. Her book, consequently, is far and away the best study of the subject, either in England or in the United States.

Mrs. Burns deals with all of the measures tried by England to cope with the consequences of the large volume of unemployment which prevailed throughout the two decades covered in this study. Her major interest, however, is in the policies pursued in dealing with the long-time unemployed, who have exhausted their rights to unemployment insurance.

In telling the story, she divides her account into three periods. During the first of these periods, 1921 to 1931, the workers who were still unemployed when their regular benefits ran out were allowed "uncovenanted", "extended", or "transitional" benefits from the unemployment compensation fund. Following this, from 1931 to 1935, such long-time unemployed workers could get "transitional" benefits, which were paid from the national treasury, but administered by the local poor-relief authorities and conditioned upon proof of need. Since 1935, insured workers who have exhausted their benefit rights can, if they can meet the statutory needs test, receive unemployment assistance, administered and paid for by the national government, but kept entirely separate from unemployment insurance. Of these three differing methods of dealing with this problem, Mrs. Burns believes the present system to be by far the best; however, she feels that maintenance of the long-time unemployed is not enough. "The greatest shortcoming of the British unemployment relief programs is undoubtedly the almost complete concentration on maintenance and the neglect of more positive policies" (p. 328).

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Mrs. Burns does not see the present British programs as a final development. Even before the present war, there was great uncertainty in England as to what should be expected from social security. There was pretty general agreement that social security should be further extended; also, that the nineteenth-century concepts regarding the mutual responsibilities of the individual, the family and the government are unsuited to present-day conditions. To date, however, no "satisfactory philosophy" has as yet been developed to replace these old concepts. It is apparent that Mrs. Burns has a good deal of sympathy with the old slogan of the British Labour Party, "maintenance or work", and with the demand for a "national minimum" guaranteed to all citizens and in all contingencies of life. She recognizes, however, that with these newer concepts must go a redefinition of the obligations of the individual to the government, to insure a volume of production sufficient to enable it to fulfill its promises.

To the reviewer, one of the best features of this definitive study of the British unemployment programs is that it does not draw any conclusions for the United States. Because it tells the entire story, without an axe to grind, it is peculiarly valuable to Americans interested in improving our social security institutions.

EDWIN E. WITTE

UNIVERSITY OF WISCONSIN

The Theory of Prices. Vol. II. By ARTHUR W. MARGET. New York, Prentice-Hall, Inc., 1942.—xxv, 802 pp. $6.00.

The publication of Professor Marget's *Theory of Prices,* Volume I, in 1938, was an event of considerable importance in the field of monetary and price theory, for it presented what was perhaps the most carefully developed and documented criticism of the Keynesian monetary doctrines that had yet been published. The present volume follows the pattern and the line of thought developed in Volume I. Professor Marget has stated the relationship between the two volumes in these words (vol. II, p. vii):

> In the first volume of this work, I set myself the task of welding into a single, unified organon the disparate, and often apparently contradictory, analytical approaches to certain "central problems of monetary theory." In the present volume, I have set myself the task of merging the organon so constructed into a still more comprehensive organon. The purpose of this more comprehensive formulation is to integrate "monetary theory," in the narrower sense of the term, with the "general" Theory of Value (p. 153).

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In Volume I Marget used Keynes's *Treatise on Money* as his point of departure. In the present work Keynes's *General Theory of Employment, Interest, and Money* serves that purpose. In large part both volumes constitute a polemic directed against the Keynesian doctrines but Marget insists (vol. I, p. 133) that "the central purpose of the work . . . is the *constructive* one of presenting an apparatus for accounting for the determination of realized money prices . . . which will make full use of all that is offered by *both* the 'general' Theory of Value, on the one hand, and the Theory of Money and Prices, on the other."

Marget's general methodology is well exemplified in his first three chapters. He begins by stating (p. 3) Keynes's "condemnation of economists in general for having failed to tie up in a satisfactory manner the Theory of Money and Prices, on the one hand, and the Theory of Value, on the other." He then proceeds to show that his condemnation is unfounded by quoting and discussing with fine detail a host of writers on these subjects from Aristotle down to the present day. Having thus demonstrated, in a manner that must be convincing even to Mr. Keynes himself, that economists of today who attempt to synthesize monetary theory with general value theory are not breaking new ground but rather are following a long tradition, he proceeds to develop his own synthesis. The materials he uses are, on the one hand, neo-classical Marshallian value theory, with several chapters devoted to supply and demand curves and elasticity of supply and demand, and, on the other hand, monetary theory based on "stream equations of the Fisherine types", as he prefers to designate Fisher's well-known equation of exchange and its variants.

A large part of the study consists of a critical analysis of Keynes's monetary and price theories as compared with his own. In fact, the book would hardly be intelligible to one who was not already familiar with Keynes's works. It will be of greatest interest and value to those who have already been initiated into the inner mysteries of modern price theory.

The fourth and final section of the book is significantly entitled "Highroad and Blind Alley". It seems to be an article of faith with Marget that the surest route to progress in any science is to improve and extend the highroad already developed and marked out by the labor of preceding generations. To disregard this highroad and strike out in a new direction is likely to lead one into a blind alley. Thus, Marget infers, what is sound and valid in the Keynesian doc-

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trines is not basically new, although the terminology in which it is expressed may give it the appearance of newness; and much of that which is new leads to a blind alley.

VIRGIL WILLIT

THE OHIO STATE UNIVERSITY

The Road We Are Traveling, 1914-1942. By STUART CHASE. New York, The Twentieth Century Fund, 1942.—106 pp. $1.00.

Goals for America: A Budget of Our Needs and Resources. By STUART CHASE. New York, The Twentieth Century Fund, 1942.—ix, 134 pp. $1.00.

Mr. Stuart Chase is without doubt the most widely known of economic popularizers in this country. Over two decades he has written numerous expositions of economic fact and fallacy which have had a high appeal to the general reader and considerable influence on public policy. He is usually classified among the unorthodox critics of unrestricted private enterprise. But his rigorous training in accountancy and his self-education in semantics testify that his mind is not doctrinaire and that he respects scientific integrity when he is able to find the residual economic data on which it must be based.

It is something of a tribute to the man, then, when the trustees of the Twentieth Century Fund abandon their normal procedure for research investigations—a special staff and a non-partisan committee of review. Instead, in approaching the paramount problems of economic planning for the post-war world, the Fund called in Mr. Chase and gave him carte blanche to assemble, interpret and forecast by his own methods any study in futures that he wished. Conceived imaginatively, and characterized by the attractive and lucid style which may make these books best-sellers of non-fiction, Chase's findings are now appearing in a series of six small volumes under the general title, *When the War Ends.*

The first two, here under review, are broad introductory pictures—one historical, the other analytical. (It is well to observe that these books should not be hastily convicted of inadequate treatment of certain omitted phases, because Mr. Chase's forthcoming volumes will center attention on post-war currency problems, foreign trade, the class structure, and the peace settlement.)

The Road We Are Traveling runs roughly from World War I to World War II—a slice of the century that has brought all nations to the edge of doom, punctuated by revolutions, depressions, and other

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volcanic changes. Chase takes his inventory of the major economic trends of this period and discerns three prime causes for change: (1) technological advance, (2) declining population curve, (3) the closing frontier; as well as eight social effects of these causes, including growing interdependence, chronic unemployment, decline in private investment opportunities, the advance of autarchy, and mechanized warfare. It is possible to quarrel with the selection and emphasis of his list, but hardly with its existence.

Now a great economy in which these trends are operating is plunged overnight into a global war. It is transformed for the first time into a supereconomy of total planning in which all able-bodied persons are mobilized and employed, but less than 50 per cent of its output goes into civilian commodities.

At the end of such a war, will the United States economy go back to "business as usual"? Chase is convinced it will not. We shall have, he thinks, something called "X" which will be neither fascism nor communism, which may be akin to Burnham's "managerial revolution", but which certainly will not be free enterprise as we have known it. The controls cannot be completely relaxed. The collectivist tendencies, the strong centralization, will inevitably continue.

And the "goals for America"? Substantially the program of many economists from Hansen to Beveridge: (1) full employment; (2) full use of plant facilities and prudent conservation of natural resources; (3) guarantee of the "big five" minimum essentials to every family—food, housing, clothing, health, education; (4) social insurance at all points of hazard; (5) legal labor standards.

To document the needs of the American population and the productive potential of our industrial system is nothing revolutionary. It has been done piecemeal by numerous agencies from the Brookings Institution to the National Resources Planning Board and the General Electric Company. Perhaps it has never before been brought together quite so persuasively as by Mr. Chase. But to assess the the direction of what is essentially a *political* problem is hardly within the range of Mr. Chase's competence. We shall have, before this war is over, a national income of 125-140 billion dollars. Physically we could have the same income in peacetime. But can we *psychologically,* with competing economic groups removed from the restraints of patriotic unity? Some capitalists are aware that the people demand security, and that it will have to be done by business, or else by "demagogues". But without a substantial degree of coöperative planning among management, government and labor, it will not be done at all. A policy of drift is toward anarchy.

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The "subterranean roar" of the masses, says Chase—asking for the adequate standard of living which science has made possible in the industrial nations—"is the most powerful force in the world today. Statesmen who listen to it will be upheld. Statesmen who shut their ears will be buried."

KENNETH M. GOULD

NEW YORK CITY

The Age of Enterprise: A Social History of Industrial America. By THOMAS C. COCHRAN and WILLIAM MILLER. New York, The Macmillan Company, 1942.—x, 394 pp. $3.50.

The Age of Enterprise is scarcely, despite the claim of the Preface, "a new interpretation of the history of the United States." Its authors indeed admit aiming their sights at the modest objective of making the "non-professional reader acquainted with... the most useful and most easily available books and magazines... upon our subject." Limited principally to secondary books, they have accomplished their purpose competently; and the result is a work of simplification, selection and synthesis, excellent for its very brevity and compactness, and for its skilful incorporation of diversified materials. There is a rich abundance of illustrative quotations, which frequently have a special aptness; and altogether this is a valuable and timely contribution to the *genre* of historical popularization in the best sense of the term.

Messrs. Cochran and Miller have drawn heavily, among other sources, upon the writings of Werner, Corey, Mumford, Allen, and particularly Josephson, both for material and for the temper and tone of interpretation of their central theme. It is the theme of an emerging and expanding industrialism, and of its progressively dominant influence upon the whole complex of American culture, in its economic, political, intellectual and social aspects. Both the theme and the manner of its treatment have themselves become part of a great American tradition of liberal and literary protest. Already Emerson had sounded an early note of alarm; Henry George and Thorstein Veblen elaborated their unorthodox theories of economics, in order to supply both a critique and a remedy. For the past half-century, too, there has been accumulating a vast literature of disclosure and exposure, to which the pejorative labels of muckraking or debunking have been loosely applied.

The Age of Enterprise presents, according to its subtitle, "a social history of industrial America". The first third of the book an-

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nounces and traces the appearance and the early effects of an "intensive frontier" of industrialism and speculative business enterprise, in the period between 1800 and the Civil War. The Civil War proper is related to the major theme in a chapter called "Trial by Battle", from which northern industrialism emerged as the victor and principal beneficiary. Triumphant industrialism is then followed through the period since the Civil War, with particular emphasis upon its social and political consequences; and the authors achieve a roundness and vividness of effect in such chapters as "Industry and the City", "The Climax of Finance Capitalism", and especially in "The Leadership of Business", which is the record of the 1920's.

Within the frame of such a thesis, however, there are bound to be omission and distortion, understatement and overstatement. There is a straining for the striking phrase, which often misfires, resulting in such expressions as "the leathered pioneer", "diffuse stockholding", or the "seaboard latticed with double bars of iron." The style is generally fluent but undistinguished. The progress of technology proper and of its social impact is subordinated to the more lurid record of business and political excesses. The countercurrents of progressive reform, agrarian protest, and labor activity are dealt with rather summarily, if quite realistically, at several points, but with adequate fulness only in the chapter entitled "Pressure Politics in an Age of Reform".

But the chief and the strangest omission appears in the fact that this book virtually ends with the collapse of prosperity in 1929. A brief "Epilogue" only hints at the subsequent course of events. Certainly the last decade constitutes a phase of the greatest consequence for the "age of enterprise", and one is left wondering why the authors have failed to bring more nearly up to date a theme of such immediate moment as the "social history of industrial America".

SAMUEL REZNECK

RENSSELAER POLYTECHNIC INSTITUTE

British Agriculture: The Principles of Future Policy. A Report of an Enquiry Organized by Viscount Astor and B. Seebohm Rowntree. London, New York and Toronto, Longmans, Green and Company, 1938.—xx, 469 pp. $6.00.

In 1934, Viscount Astor and B. Seebohm Rowntree, together with five economists and agricultural experts, made a year's investigation of the possibilities of land settlement as a means of relieving unemployment in the United Kingdom. The findings of this "Group"

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were published the following year in a small volume entitled *The Agricultural Dilemma.* That study proved to be an incentive for a much more extensive inquiry "which would take due account both of the technical factors relating to agricultural development and of the broader social, economic, and political considerations necessarily involved." Such an undertaking, it was felt, was necessary in order to make possible a wise solution of the various problems concerned with the future agricultural policy of the United Kingdom.

Pursuant to this objective, the "Group" gathered information by personal interviews, *ad hoc* inquiries, conferences and correspondence with leading experts throughout the country. The result is this volume, *British Agriculture*,[1] the actual writing of which was done by one member of the "Group", Hubert D. Henderson, in collaboration with P. Lamartine Yates.

The keynote is expressed in the basic conclusion: "The aims of our agricultural policy should be to promote a happy marriage between nutrition and agriculture rather than to shut out overseas competition, to improve the conditions of the agricultural labourers rather than to increase their numbers, to treat agriculture as an industry or group of industries, possessing peculiar features indeed, but existing for the purpose of satisfying human wants with the minimum of toil, rather than as a way of life to be preserved with the minimum of change."

First and foremost among the specific proposals for reaching this goal is "a national policy of improved nutrition." By a most fortuitous coincidence, the "health-protective" foods, such as fresh fruit, vegetables, eggs and particularly milk, are not only the products most needed by the consumer but also the kind which, under given circumstances of soil, climatic and economic conditions, the United Kingdom is in a position to provide most efficiently and economically. Staples, such as wheat, meat and butter, should decline in domestic production, in the interest of economy and wise international commercial policy. Specifically, the promotion of the consumption of milk must be central in this nutritional policy. This would not only stimulate milk production but also substantially lower its cost.

The second main proposal is a change in the constitution of the

[1] In view of the remarkable achievement of British agriculture since the outbreak of war, and the problem of food production now confronting the United Nations, a review of this volume, almost five years after the publication date, still seems pertinent.—ED.

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marketing boards which administer the various statutory marketing schemes. It is urged that they shall be appointed by the appropriate departments of state to represent the public interest, instead of solely representing the producers.

Thirdly, a regional system of land improvement commissions should be established to acquire agricultural land on which there is need for long-term capital improvements. The state is the only agency which, through these commissions, would have sufficient credit to be able, as well as willing, to carry out major improvements.

In the interest of efficiency (the word forms a central theme of the book), several suggestions are made. More liberal financial aid should be granted for research, both in technical and economic problems of agriculture. Scientific knowledge should be made more readily available to the farmers. Good grasslands should receive more emphasis, since "grass is the most important 'crop' in this country." The "Group" states that "for all these purposes we should be ready to contemplate a considerable increase in the financial assistance provided by the State, believing that in the long run a given sum of money spent wisely in such ways will be of substantially greater benefit to agriculture than a similar sum doled out in subsidies to commodities which this country is not naturally well fitted to produce." Through increased efficiency in production it should be possible to secure an expanding market for British agricultural produce.

Another major line of proposals is that having to do with the improvement of the status of farm laborers. Specifically a more vigorous rural-housing policy, better water-supply systems, and educational and health facilities are needed.

In addition to these positive proposals, the "Group" is opposed to pre-war governmental policies in two respects. First, it feels that the subsidies on beet sugar, bacon, beef and wheat are uneconomical and should be gradually reduced. Second, the tariff rates should be revised to put agriculture on a par with industry.

As is all too apparent, the principles of future policy envisaged in 1938 will certainly need considerable modification to be applicable to war and post-war conditions. Indeed, the happy state in which the British farmer would find himself, were these proposals in effect, may be destined to remain only a dream for indefinite years to come. The greatest obstacle to the adoption of the plans of this report is, no doubt, the enormous amount of financial aid by the state which, at least at the outset, would be necessary, and this obstacle appears insurmountable at present and for some time in the future.

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Nevertheless, the basic principles underlying the proposals — the emphasis on nutrition, efficiency in production, concern with the public welfare and need for scientific progress—are undeniably sound and must be seriously considered by leaders of future British agricultural policy. Their validity holds no matter what particular political philosophy may be dominant in the government after the war. Furthermore, the inquiry provides a comprehensive survey of British agriculture as it existed in the nineteen-thirties. The volume will long remain a valuable reference and source book for students of agricultural history and policy.

EVERETT E. EDWARDS
U. S. BUREAU OF AGRICULTURAL ECONOMICS

The British Colonial Empire. By W. E. SIMNETT. New York, W. W. Norton & Company, 1942.—255 pp. $3.00.

India Without Fable: A 1942 Survey. By KATE L. MITCHELL. New York, Alfred A. Knopf, 1942. — vii, 296, xii pp. $2.50.

These two books are concerned, respectively, with two of the three major divisions of the British Empire—the dependent Colonial Empire and India. They represent two contrasted attitudes toward British imperialism. Mr. Simnett writes from the point of view of an Englishman, sincerely interested in promoting the welfare of "backward peoples", who believes that the ideals which he cherishes are the guiding principles of British colonial policy. He has been for years the editor of *The Crown Colonist*, the only journal which deals with the affairs of the Colonial Empire as a whole. Miss Mitchell is an American, a member of the secretariat of the Institute of Pacific Relations and of the editorial board of *Amerasia,* who has traveled in the countries of the Far East and studied their history in the light of their present problems. She is severely critical of British policy toward India and sympathizes strongly with the aspirations and ideals of Indian nationalism. She believes that the Indian question has become a world problem in which Americans have a direct and immediate concern, and her object was to inform us regarding the present state of affairs in that, to us, little known subcontinent which is the home of one fifth of the human race.

The British Colonial Empire consists of those British dependencies (colonies, protectorates, and mandated territories) for which the Colonial Office in London is responsible; it does not include, of

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course, the self-governing countries of the British Commonwealth (Britain and the Dominions) or India. As a distinct entity within the larger British Empire it has taken shape only within the last twenty years or so, and it is not well known to the public in this country, or even in Britain. It comprises some forty territories, large and small, with an aggregate population of about sixty-five million. The greater part of its area lies in the tropics, mainly in Africa, and the large majority of its inhabitants belong to the non-white races. It possesses great natural resources, but they are as yet largely undeveloped and not fully known. It cannot fail to play a more important part in world affairs than it has done in the past, and blueprints for a new world order will have to take account of it.

Mr. Simnett's volume, of which an English and an American edition have appeared, is a convenient concise introduction to this important subject, necessarily somewhat superficial and oversimplified, but equipped with an excellent select bibliography for those who may wish to make a serious study of the Colonial Empire. The author's recurring theme is the principle of Imperial Trusteeship. "It is now generally recognized", he says, "that the possession of Colonies is no longer to be justified on grounds of economic or other advantage to the mother country, but by the measure in which they are held in trust and administered with a view to the permanent interests of their inhabitants. Those interests are paramount and the ultimate objective is self-government." Statements of this kind have often been made and have sometimes been regarded by critics of British imperial policy as hypocritical, as a verbal facade behind which the business of exploiting dependent peoples goes on. Miss Mitchell raises serious doubt, to put it mildly, whether Mr. Simnett's leitmotiv can truthfully be said to characterize British policy toward India. One can point, however, to substantial accomplishments under British authority in improving economic, sanitary and educational conditions in the Colonial Empire; and Mr. Simnett calls attention to the remarkable Colonial Development and Welfare Act passed by the British Parliament in 1940, which he looks upon as the culmination of the policy of trusteeship. It provided for a ten-year period of planned development and welfare work throughout the Colonial Empire, for which the sum of £5,000,000 a year was to be allocated from the British exchequer. The author undoubtedly voices the sentiments and ideals of the men and women of Britain who, in one capacity or another, are devoting their lives to improving conditions in the Colonial Empire.

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Miss Mitchell's survey of contemporary India is based upon a large fund of information, written in attractive form, and marked, on the whole, by independence of judgment in the handling of controversial subjects. There are occasional lapses from factual accuracy, and one sometimes wonders whether the British, in Miss Mitchell's eyes, can ever do right in India. Even what looks like a reform conceded to Indian demands, namely, the "Indianization" of the Indian services, turns out, in her interpretation, to be a bit of Machiavellian statecraft, part and parcel of Britain's policy of "divide and rule" (pp. 56-57); and the record of the Congress ministries in the Indian provinces from 1937 to 1939 suggests to her that "the granting of provincial autonomy was a very shrewd gesture on the part of the British Government" (p. 208), an apparent concession really calculated to strengthen the British *Raj*. She sees evidences of "divide and rule" throughout the history of the *Raj*, for example, in accentuating the Hindu-Moslem cleavage by the device of communal electorates and by other means and in creating vested interests among Indians in the maintenance of British rule.

Most of the counts in Miss Mitchell's indictment of British rule in India can be found in the writings and speeches of progressive Indian leaders, and they are too substantial to be brushed aside. Granted that orthodox Hinduism has not facilitated social reforms, the grinding poverty of the Indian masses, the prevalence of malnutrition and disease, and the illiteracy of nearly ninety per cent of the population are facts that no amount of talk about trusteeship can explain away. The author finds the roots of Indian poverty in past British policy. The old Indian economy was based on agriculture combined with handicraft industries, for which India was famed, especially cotton textiles. Between 1813 and 1835 the exports of British machine-made cotton goods to India rose from less than one million to fifty-one million yards. The old Indian hand-weaving industry was destroyed by the competition of the cheap products of British factories, and other Indian handicrafts followed suit. The result was a tremendous overpressure on agriculture, which Miss Mitchell regards as the basic cause of Indian poverty. The remedy is not to be sought in Gandhi's spinning-wheel economics but in the development of modern industry, particularly of heavy industries for which India possesses abundant natural resources. Except, however, for a short period during and immediately after the first World War, the government did not encourage enterprises that might lessen India's dependence upon British industry. Under war pressure

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there has been a very considerable industrial development since 1939, but industrialization is still quite disproportionate to India's natural resources and immediate military needs.

A praiseworthy feature of Miss Mitchell's survey is the emphasis given throughout to economic conditions and factors, which tend to be neglected by apologists for the British *Raj*. They must be taken into account if one is to understand such phenomena as Hindu-Moslem friction, the attitude of the government toward the Indian National Congress, the cleavage within the ranks of the Congress between right wing and left wing, or the tactics of Indian political leaders. The author has much to say, of course, about Gandhi. She leaves aside the "saintliness" of the Mahatma, except to make clear that it is what gives him his hold over the masses. She is concerned with him only as a political leader and, viewing him as such, she finds among his characteristics an "inordinate love of personal power", a "dictatorial attitude toward his followers", an "inveterate love for compromise", and a "reactionary social philosophy". She believes that the anti-British conservative Indian propertied interests, represented by the right wing in the Congress, have seen in Gandhi's "non-violence" a safeguard against revolutionary mass movements that might sweep away their own wealth and privileges, and when his Civil Disobedience campaigns threatened to get out of hand, he called them off, as at Bardoli in 1922 and by the Gandhi-Irwin Agreement in 1931. The combination, represented by Gandhi, of political nationalism with reactionary forces in orthodox Hinduism has had, she thinks, a most injurious effect upon the Indian nationalist movement. It is a striking interpretation of Gandhi that she presents, and one to which facts seem to give no little support. Other Indian leaders are briefly portrayed. Nehru emerges as the most enlightened and attractive among them. Jinnah is depicted as a thoroughly unprincipled opportunist and demagogue.

India Without Fable is probably the best general survey that can be found of present-day India and its problems. It is addressed primarily to the American public, but it is to be hoped that it will find readers in Britain as well. It can be highly recommended as a dissolvent of myth and an antidote to much commonly accepted propaganda.

ROBERT LIVINGSTON SCHUYLER

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British Rule in Eastern Asia: A Study of Contemporary Government and Economic Development in British Malaya and Hong Kong. By LENNOX A. MILLS. Minneapolis, The University of Minnesota Press; London, Oxford University Press, 1942.—ix, 581 pp. $5.00; 25*s*.

It is a somewhat melancholy task to undertake to review a book which swiftly moving events have in so brief a space of time turned from contemporary analysis into history. In a foreword, dated April 1942, Mr. Mills relates that the original copies of the manuscript and maps were lost "owing to enemy action" while on their way to the printer in England. Further delays forced the postponement of the appearance of the English edition until just before Pearl Harbor, and shipping difficulties still further delayed the appearance of the American edition. Despite the intervening fall of Singapore and Hong Kong, the author decided to let the book stand intact rather than to undertake a hasty revision based on uncertain and inadequate reports of what had taken place. The result is that we have an unretouched pre-war portrait of Malaya and Hong Kong as Mr. Mills found them in 1936-37, supplemented by later newspaper and documentary materials.

In very cursory fashion it may be said that Mr. Mills looked upon the British Empire and saw that it was good. "The adaptability of the Crown Colony system", he states, "is one reason for its survival; and during the present war the peoples of the Dependent Empire have given overwhelming evidence that they are very well satisfied with it. Chinese rickshaw coolies in Singapore and Malay fishermen would not have subscribed to Spitfire funds if they had disapproved of their government." In the foreword the author ascribes the collapse of Britain's strongholds in the Far East solely to Japan's naval and air supremacy, and states categorically that, given the circumstances, nothing which the local authorities in Malaya did or failed to do could have altered the outcome. As a bare statement of fact this is in all probability a position which is not subject to challenge; but it tells only a part of the story.

The record of government, finance, trade, labor, and social services which Mr. Mills expounds in excellent detail is one which has in it little that is directly and conspicuously evil, and, in fact, much which is good and well intentioned. But it is also by no means improper to read into it a moral which the author did not pause to draw: there is singularly little in the record to indicate that any real and sustained effort was made to draw the peoples concerned into a

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sense of active participation in a government and an economy which were effectively their own. To give a single instance, Mr. Mills comments that the government's policy in Hong Kong has been a success and that the Chinese feel that the colony has been administered with a proper consideration for their wishes. In illustration of this, however, he states little more than that the Chinese who have come there have been able to make money—a foundation on which it is possible to establish an administration which meets with little resistance, but not one which will command the loyalties necessary to ride through a period of grave crisis. It cannot in this connection be overlooked that although Hong Kong's population was more than ninety-six per cent Chinese, its Legislative Council, already equipped with the customary British official majority, had among its minority of non-officials only three Chinese members as against four Europeans and one Portuguese.

For those who want a thoroughly documented account of the affairs of Malaya and Hong Kong just prior to the collapse, this book, which is issued under the auspices of the International Secretariat, Institute of Pacific Relations, is a storehouse of information which makes easily available a mass of material otherwise hard to come by. From every standpoint except that of the hard fate which has befallen the colonies with which it deals it is a very useful, if somewhat overly uncritical, contribution to our knowledge of areas the future of which must soon be up for reconsideration.

RUPERT EMERSON

WASHINGTON, D. C.

A New Constitution Now. By HENRY HAZLITT. New York and London, Whittlesey House, McGraw-Hill Book Co., 1942.—xiii, 297 pp. $2.50.

Mr. Hazlitt's argument for a new constitution centers on the proposal to substitute responsible cabinet government for the presidential system. He puts forward alternatively familiar suggestions for reform within the framework of the separation of powers, suggestions that range through the item veto, the abolition of the vice-presidency, internal reorganization of Congress, and the revision of the process of constitutional amendment. But his main theme is the superiority of cabinet government over the presidential system. While Mr. Hazlitt has performed a meritorious service in stimulating consideration of a basic constitutional issue, it cannot be said that he has

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carried the discussion appreciably beyond the point where it rested thirty or forty years ago.

If the analyses of Wilson, Bagehot and Bryce are conclusive, it would, of course, be pointless to carry the discussion further. But are they conclusive? The argument for a responsible cabinet is seductive, but serious uncertainty about the probable effects of its adoption remains. Mr. Hazlitt predicts, in effect by the comparative method, that the introduction of the cabinet system would relieve us of the defects of the separation of powers and give us a legislative-executive relationship similar to that of the British model.

Such a method yields a dependable forecast, as Mr. Hazlitt should well know, only if all other factors are alike in the two situations. Are they? The most amazing omission in his analysis is his failure to consider the relation of the party structure to the operation of the cabinet system and the differences between the English and American party machines. The British cabinet derives its power and stability from a well-disciplined party majority, which in turn is not unconnected with the operations of the party's central office and with the threat of dissolution, but the discipline comes fundamentally from the nature of the social system. Would the threat of dissolution in the hands of an American prime minister result in the same party discipline? Would it aid in separating the sheep from the goats before election day? Could right-wing or left-wing Democrats (or Republicans) continue to be renominated and reëlected as Democrats (or Republicans) against the will of the national party leader? If so, the party structure essential for the election and maintenance of a disciplined, working majority would be inadequate and the threat of dissolution would hold no sting. Would the consequence be cabinet instability or simply a mightier bargaining power in national policy for dissident factions of the majority? To carry the inquiry a step further back, would the cabinet system have any effect on the basis of our party indiscipline, the diversity of interests nominally allied in each party?

Mr. Hazlitt has not explored the probable effects of our system of representation coupled with the local-residence rule on the cabinet system. Our representative is not a spokesman for a point of view about the national interest who happens to have been chosen by a particular constituency; he is a spokesman for a local or regional interest which he seeks to promote, more often than not at the expense of the national welfare. What would be the effect of removing the president as a leader and interpreter of national hopes and

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aspirations and substituting a set of local leaders themselves subject to control by lesser spokesmen for particularistic and parochial causes? Would the farm bloc (or any other bloc) suddenly acquire under the cabinet system a greater sense of responsibility for the national welfare or would it merely gain a less obstructed route to its ends? What of the probable effect of the local-residence practice on the parliamentary leaders? With their careers tied to their districts, they might become highly vulnerable to national vested interests (of both right and left) controlling mobile campaign resources. What would be the results for national policy? Mr. Hazlitt suggests that the local-residence custom should be abolished, but he is vague on how to go about it. But, what is the significance of local residence? When Iowa farmers elect a New Yorker as their representative he will be a corn-hog spokesman, Democrat or Republican, with or without a cabinet system. And when the argument reaches this point, it is back where it started, viz., the determinants of the nature of our party system.

Mr. Hazlitt's conclusion may be correct, but his evidence is not persuasive. He virtually assumes his conclusion, i. e., that a transplanted cabinet system would operate more or less like the model. (Incidentally, his conception of how the British model works has a rosy, nineteenth-century hue, a conception not precisely in accord with the facts.) He weighs none of the obvious habits, customs and institutions of American politics that probably would have an effect on the workings of an American cabinet. Nor does he inquire into the effects, if any, of the proposed institutional change on the kinds of public policy we would have or whether we would like these effects. In short, Mr. Hazlitt's argument does not take us anywhere, but it is reassuring to know that the spirit of governmental reform still lives in the land.

V. O. KEY, JR.

JOHNS HOPKINS UNIVERSITY

The Growth of American Constitutional Law. By BENJAMIN F. WRIGHT. Published for Reynal and Hitchcock by Houghton Mifflin Company, Boston, New York, etc., 1942.—ix, 276 pp. $2.25.

The Growth of American Constitutional Law is a brief account of the work of the Supreme Court of the United States in passing upon the constitutionality of legislation. Perhaps "The Growth of Judicial Review" would have been a more appropriate title, for the

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book does not attempt to deal even sketchily with the development of all the problems of constitutional law. Indeed, the author, who, incidentally, is an associate professor of government at Harvard University, has not even endeavored to discuss adequately either the scope or the incidence of judicial review. Instead, his purpose is to consider some of the principal lines of development, to illustrate the incidence of the decisions of unconstitutionality, and to point out some of the rulings which indicate how broad has been the area of discretion within which the Court has functioned.

Professor Wright attributes the longevity of the American Constitution in part to the institution of judicial review. Formal amendment has played a relatively insignificant rôle in the expansion of the Constitution. The Supreme Court has adjusted the Constitution to the vast changes in American life. To a far greater degree than was seen by the authors of the Constitution, the Court has moulded the governmental processes, the social and economic practices, the very folkways of the nation.

Nowhere is this practice of judicial adjustment of the Constitution to current conditions more evident than in the Supreme Court's famous switch of 1937. Between January 7, 1935, and May 25, 1936, the Supreme Court handed down twelve decisions in which important Congressional statutes were held unconstitutional. All of these statutes were part of a comprehensive attempt by the President and Congress to deal with the consequences of the industrial depression. On February 5, 1937, the President submitted to Congress his plan for the reform of the federal judiciary. Before the end of May of that same year, the Court, without any change in personnel, had reversed or modified a considerable and extremely important portion of its rulings of the two preceding years. Indeed, today much of the constitutional law of 1936 appears to belong to a different Constitution. But these changes have come from interpretation, not from amendment.

Professor Wright is anything but pessimistic about the future of the Constitution, the Supreme Court, and constitutional law. He observes that the Constitution today is in a healthier condition than it has been for half a century. He hails the Supreme Court's switch in 1937 as once more bringing the doctrines of the Court into substantial accord with the main currents of national life. Today and in the difficult period of post-war adjustments to come, constitutional law is better suited to deal with problems which arise than at any time in the recent past. While we cannot foresee the nature of those

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problems, we can have confidence that they will be dealt with in the method of constitutional government.

Professor Wright has surveyed a great amount of material. In his exposition of trends and tendencies, he has shown keen insight into the history of the Court. Throughout his book, he keeps the reader aware of the nature of judicial review and its relation to other aspects of American history. The book will be welcomed by students of constitutional development and by the intelligent layman as well. Its scholarship is of high quality. Its analysis is penetrating.

GEORGE A. WARP

UNIVERSITY OF VIRGINIA

The Coming of the Civil War. By AVERY CRAVEN. New York, Charles Scribner's Sons, 1942.—ix, 491 pp. $3.75.

This is a book that invites and deserves a more extended review than is here permissible, for it is both scholarly and vigorously provocative. It challenges or discards, sometimes rather cavalierly and with insufficient supporting evidence, many widely held assumptions or beliefs and is as likely to excite controversy as any book that has appeared in its field in many years.

The thesis upon which the author elaborates is stated in his opening paragraphs. In substance it is that the North and South, which in 1820 were rather diverse and disunited regions, were by agitation, propaganda, distortion and political manipulation finally welded into embattled sections. A repressible conflict, through the work of well-organized, fighting minorities propelled largely by emotion rather than reason, was transformed into an irrepressible conflict with each side fighting against "mythical devils".

Professor Craven's approach is primarily from the angle of the South, since her "ways and institutions were under fire." As background he has presented a fresh and penetrating analysis of Southern society, its way of life, the place of the Negro in it, the state of Southern economy and the rise and spread of the Cotton Kingdom. He contends that "Slavery as a reality and slavery as the symbol about which sectional conflict raged for a generation were two different things." The first, he insists—but not altogether convincingly—was not a major economic factor in the South; the second was an emotional influence which colored much of the nation's history for forty years. The slaveholders as a class are depicted as scapegoats for "all aristocrats and sinners", caught between the distortions of

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passionate Abolitionists, inspired by Calvinistic morality, humanitarian sentiments and democracy, on the one hand, and scheming politicians like Calhoun and Rhett, prompted by personal or sectional considerations, on the other.

Professor Craven envisages the early 1840's as constituting a turning point in the struggle. Slavery at that time was definitely linked by the Calhoun faction to expansion; as a consequence the question of its extension into the territories quickly developed into a crucial issue, with the new-born Republican Party becoming the spearhead of the opposition to it. Enflamed emotions in the fifties, generated by the minorities, conjured up in the minds of millions of Northerners the notion of a "Slave Power", and in the minds of a host of Southerners the belief that "Black Republicanism", synonymous with Abolitionism, was bent upon the economic and social ruin of the South. Therefore, it was argued, her only salvation lay in self-sufficiency and secession. Among the most serviceable portions of the book are those in which the author marshals abundant data to show the persistent efforts, particularly in the South, among the conservative elements to check or nullify the onrush of the extremists, efforts which collapsed with the election of Lincoln and the failure of the compromise proposals in the winter of 1860-1861.

Whether one subscribes to Professor Craven's thesis, which in this reviewer's opinion has much to be said for it, and accepts the body of his narrative, which at some points is open to doubt or dissent, it will be agreed that he has culled from a large store of hitherto unused or little worked materials a mass of illuminating information and has turned out a finely written book which no thoughtful student of the era should ignore.

A. HOWARD MENEELY

DARTMOUTH COLLEGE

The Riddle of the State Department. By ROBERT BENDINER. New York and Toronto, Farrar and Rinehart, Inc., 1942.—xiii, 231 pp. $2.00.

A vigorous and intelligent indictment of American appeasement and of the institution through which it has found its formal expression is contained in this compact and extremely readable volume. The author can find no sound justification for the appeasement which preceded American entry into the current world holocaust, nor for that which characterized American policy toward Vichy even

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after the advent of formal hostilities with the Axis. Although he is careful to point out that the blame for American unpreparedness and the responsibility for American foreign policy cannot be laid solely at the door of the State Department, he takes the position that the structure, traditions and personalities associated with "that architectural monstrosity on Pennsylvania Avenue" combine to exaggerate the blindnesses and the socio-political prejudices which characterized an America backing reluctantly into a confusing ideological war.

After a review of the American record of appeasement and its succession of dismal failures leading to the tragedy of Pearl Harbor, Mr. Bendiner turns to a straightforward discussion of the structure of the State Department and the personalities of its leading figures. The description — a familiar one to students of American government—of the aristocracy of wealth and caste which characterizes the top-ranking personnel is again presented. But the relationship of these facts to the policies which brought the United States to the very brink of irreparable disaster is shown in a new light. The concentration discovered in the educational backgrounds of departmental personnel is revealing, though not particularly new. Of the six universities which furnish about half the appointees in the Foreign Service, Georgetown ranks second only to Harvard. Mr. Bendiner's discussion of the Georgetown University Foreign Service School is stimulating and thought-provoking. The pronounced and persistent anti-Russian bias of this Catholic institution, together with its cordial relations with Fascist Italy's Washington diplomats up to the very eve of Pearl Harbor, raises some interesting questions regarding the training of the young men who play such an important rôle in affecting the international fate of 130,000,000 Americans. The author stresses the need for broadening the source of supply of appointees beyond the present quite select circle of institutions by the establishment of a government-sponsored foreign service school. This would be open to men of all ranks, and would be designed to eliminate "the systematic discouragement of imagination and initiative that has for generations characterized this branch of the government" (p. 117).

When the author turns to the personalities involved, he paints small, but merciless, portraits of a half-dozen leading figures and a number of lesser lights. Hull, Welles, Berle, Long, Acheson and Shaw are singled out for special attention. Of the group, Hull comes off best, possibly because he "typifies the diplomat probably

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less than any other man in his Department of State" (p. 138). It is a balanced though critical analysis of the man who has held the post of Secretary of State longer than any predecessor and in a period fraught with as many perils and complexities as ever before in history.

As to the institution itself, the author has little but sweeping criticism for a hierarchy characterized by "the faded and moth-eaten tradition of Victorian diplomacy . . . a code of elegant cynicism, of tactical shrewdness that has small relevance beyond the horizons of the chessboard . . . a tradition of rules, of amorality within the prescribed bounds of international law" (p. 109). Basically, he concludes, the only thing to do with "a bureaucracy whose philosophy, methods and mores have outlived their appropriateness" is to "disperse it" by Congressional housecleaning (p. 219). Short of this, Mr. Bendiner recommends increased diplomatic salaries, the establishment of a government-sponsored foreign service school, legal prohibition of appointments in return for political contributions, and the creation of a more effective liaison between Congress and the makers of foreign policy.

The book indulges in some judgments which may be questioned in the light of more recent developments. Bitter criticism of American policy toward Vichy is based on the assertion that nothing of value could be hoped for through such appeasement tactics. Leaving aside the question whether the term "appeasement" applies equally to vanquished allies as well as to obvious enemies, later events in North Africa have thrown into different perspective much of this part of the discussion. It is submitted that the final judgment on the efficacy of American policy vis-à-vis Vichy is yet to be rendered. In view of the direct relationship of Vichy "appeasement" to the developing military strategy in the Mediterranean, it may well be that the balance of history will be cast up on the side of the course so flatly denounced in this volume.

The book, in short, is characterized by fearless judgments, clear-cut characterizations, sweeping criticisms, and shrewd analyses. The fact that it is not always possible to agree with them does not detract from their usefulness nor from the stimulating quality of the work as a whole.

VINCENT M. BARNETT, JR.

WASHINGTON, D. C.

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Democratic Ideals and Reality. By Sir HALFORD J. MACKINDER. With a Foreword by Major George Fielding Eliot and an Introduction by Edward Mead Earle. New York, Henry Holt and Company, 1942 (Reissue. First printed in 1919).—xxvi, 219 pp. $1.90.

When a book which was first published in 1919 is reprinted exactly as it was issued twenty-three years ago, the author was either a superb literary artist, a prophet, or the exponent of cogent and durable ideas. That this book has remained almost unknown until some of its theories were accepted by Karl Haushofer, and through his works emerged in the world strategy of Hitler, gives it added interest during a war for the survival of democratic ideals.

Sir Halford is a master of compression—the sort of compression which never goes off tangentially into the realm of the abstract but contracts ever closer to concrete reality. He deals with philosophy, economics, political science, military and naval strategy, and with geography. In the hands of a tyro unable to see man's search for happiness as a world problem, such diverse fields of consideration would have dissolved his ideas into banal generalities. Sir Halford sees things whole and, right or wrong, arrays his evidence in terms we all can grasp.

For an understanding of the aspirations of the New Order, of the grand strategy essential to a victorious prosecution of the war, and of the considerations upon which a durable peace must be founded, this book is essential reading. Boiled down to a single sentence its theme seems to this reviewer simply this: "Mankind cannot be led without ideals, but our democratic idealists must recognize the realistic facts of geography."

In the main part of the book, Sir Halford endeavors to show the ever-increasing strategical opportunities of land power as against sea power. His insistence upon the necessity of "productive bases" for sea war and of manpower for land war is fundamentally sound, and his wisdom in foreseeing the "boomerang" quality of air power when that method of warfare was in its infancy is nothing short of prophetic. But the very real existence today of air power, coördinated with mechanized land and sea forces, acts as a challenge to his theory that:

> "Who rules East Europe commands the Heartland:
> Who rules the Heartland commands the World-Island:
> Who rules the World-Island commands the World."

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For who rules the air will be able to overcome the natural barriers of physical geography and wipe out the productive bases essential to sea rule or the manpower concentration essential to land rule. In twenty-three years the contracting world has indeed become a unit of oceans and terrain, a unit which embraces Sir Halford's concept of the World Island and its satellites.

If we can accept this modification of Sir Halford's theory of geopolitics, then his advice on the world order necessary for world peace loses its speciousness and emerges as a crystal-clear ultimatum that without a balanced federal union of all nations there can be no durable peace. If this world, after this war, is to remain what Sir Halford calls a "Going Concern", its political machinery must be geared to the realities of geography—not his concept of geography which pictures the continental mass of Europe, Asia and Africa as the World Island, but the concept which asserts the complete insular unity of Earth.

ALLEN B. COOK

UNITED STATES NAVAL ACADEMY
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The Atlantic Charter and Africa from an American Standpoint. A study by THE COMMITTEE ON AFRICA, THE WAR, AND PEACE AIMS. New York, The Phelps-Stokes Fund, 1942.—xi, 164 pp. 75 cents alone, $1.00 with *Supplement* listed below.

Events in African History: A Supplement to The Atlantic Charter and Africa from an American Standpoint. Compiled by EDWIN W. SMITH. New York, The Phelps-Stokes Fund, 1942.—67 pp. 50 cents separately.

The first of these volumes limits itself to Africa south of the Sahara, the second much less strictly. Hence the second, although stressing its supplementary functions, has a usefulness of its own, especially as it is so extensive and so well done. Given the purely chronological arrangement, indexing in terms of dates rather than pages was a bright idea.

This Committee began in the Phelps-Stokes Fund in August 1941 but broadened out to take in the representatives and views of four groups which may be roughly characterized as missionary, field workers in the social sciences, other special students of Africa, and officers of committees and foundations giving special attention to international problems. After much consultation with persons outside the

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American membership, and reorientation due to American participation in the war and the issuance of the Atlantic Charter, the Committee arrived at unanimity as to general principles and program.

The major findings and recommendations (summarized in chap. v) are: 1. Findings. That we have a special concern with Africa as the ancestral home of one tenth of our population, and that Africa is of vital concern to the United Nations as the most dependent and least developed large mass of potential resources, material and social. This statement is much expanded, even in the summary, by references to the history and present variety of the unsatisfactory institutions, including the insufficiency of the Mandates System of the past two decades. It is assumed that all numerous peoples are equal in native capacity as far as the serious evidence goes, and pointed out that the greatest friction between peoples occurs where the greatest number of non-African settlers have been injected (e. g., South Africa).

2. Recommendations. These include political reforms with much "indirect rule", the development of representation and other forms of consultation of Africans, much more liberal opening of the Civil Services to Africans, the extension and consolidation of Mandate organization, and education of a technical as well as a general character. The guiding principle is that "trusteeship" should be real "guardianship", to the end that the "tutors" should aid the tutored peoples to grow up and take charge of their own affairs. On the social and economic side, the bill of particulars is much too long even to summarize in a review. It divides itself roughly into two parts, first, the shockingly "retarded" conditions of health, instruction, and other means of living the life which Africa would support, second, the "color bar" which gives so much of the insufficient product to the European intruders.

No short review can give much idea of the meat in these two volumes. A careful reading of them is probably one of the very best ways of getting a notion of what we are "up against", in Africa and at home, if we really mean what the Atlantic Charter and expansions of it say. If any reader should regard the recommendations as too hopeful, or as a shade on the pious side, he can easily make his own reservations.

M. M. KNIGHT

UNIVERSITY OF CALIFORNIA

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Alaska Under Arms. By JEAN POTTER. New York, The Macmillan Company, 1942.—x, 200 pp. $2.00.

This book is a reporter's account of Alaska's predicament today, with some mention of her predicaments of earlier days. Space is lacking to list all the aspects of glaring neglect of Alaska. Such always has been her fate.

Alaska Under Arms will intrigue two groups. On the one hand, it will interest the few who know the Territory in all its contrasts. Vivid among such contrasts is that between the endless, uncomfortable waiting for flying weather up there, and the fleeting, easy transit over thousands of miles of wilderness when once the plane can take off. Another typical contrast is that between the drab ordinariness of the *S.S. Mt. McKinley* carrying a nondescript passenger list (usually including at least one representative of the *demi-mondaine*), and the charming society which one meets at the beautiful gubernatorial mansion.

On the other hand, this book will interest thousands of people who are just beginning to realize that aviation is developing a new geography and is teaching Alaska's importance in the war with Japan. Her strategic position few recognized before 1942, although Alaskans more than twenty-five years ago knew of Japanese espionage in the Territory, and Japan by 1940 was openly and strenuously objecting to plans for a highway between the United States and Alaska. Meanwhile, the Soviet Union had set an impressive example, developing meteorology, colonization, timber, agriculture, oil and even manufacturing in the Soviet Arctic and Far East. Miss Potter lists many of the consequences of American neglect, among them the fact that "three Soviet Far East cities—Komsomolsk, Khabarovsk and Ulan-Ude—have a combined population eight times that of all Alaska" (p. 191). She reminds us that General Mitchell said, "Alaska is the most central place in the world of aircraft, and that is true either of Europe, Asia or North America, for whoever holds Alaska will hold the world." She adds that Fairbanks "lies like the hub of a wheel, amazingly central to the largest aggregations of world civilization" (p. 74), approximately 3,200 miles from New York, 3,500 from Tokyo, and some 4,000 from Moscow, London and Berlin respectively.

One of America's foremost geographers has told this reviewer how he vainly warned the United States General Staff of the importance of the Aleutians, pointing out that there sits the hen that lays the weather eggs for the United States, and that the Kiska area, sharply

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pointing toward Japan, was where American fortifications should rise. "Why", the reader may demand, "did our government tolerate that clause in the 1922 Naval Armament Treaty agreeing not to erect defenses in the Aleutians, and why did the United States until recently do little toward fortifying the Alaskan mainland or the nearer islands?" The answer lies partly in military officialdom's blindness to aviation's potentialities. This blindness the author does not stress over-much; her book, she explains, "has been censored and approved by the proper authorities in Washington" (p. x).

Some readers may be misled slightly by inexact references to Alaska's early history, size and officialdom. The unwise selection of many Matanuska farmers was less the fault of "federal planners" than of corrupt local relief boards, who knowingly sent ill-suited settlers, just to get rid of them. Furthermore, in the defeat of Governor Gruening's tax program his lack of "diplomacy" was a negligible factor as compared with the opposition of gold and salmon lobbyists. The volume might have had more room for solid information, if chatty effusions (such as some in the chapters on "Frontier Radio" and "New Alaskans") had been abbreviated. The general reading public, however, cannot stomach too solid a diet; Alaska's strategic value must be taught to that public, and this tasty dish is admirably concocted to whet their appetites.

JEANNETTE P. NICHOLS

SWARTHMORE, PA.

Permanent Revolution: The Total State in a World at War. By SIGMUND NEUMANN. New York and London, Harper & Brothers, 1942.—xviii, 388 pp. $3.00.

In these days of hastily produced potboilers concerning the conflict between democracy and dictatorship, it is refreshing to come across the work of a scholar. Professor Neumann has written an objective, realistic and comprehensive treatise on "the total state in a world at war". He has done his work exceedingly well, without the use of footnotes to "heckle the text" and without the impedimenta of the cloistered scholar.

The first aim of modern dictatorship, says the author, is to perpetuate and to institutionalize revolution on a permanent basis. This distinguishes the present-day dictatorships from the earlier forms of despotism. The basic patterns discernible in the gamut of modern dictatorships are: the promise of security, action instead of program,

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quasi-democratic foundations, war psychology, and the leadership principle.

The leader is a "demagogic man of the people"—the mouthpiece of popular protest. He is the absolute master of the machine. "Guide and model though he is, as the 'superhuman leader' he is a stranger to his people—a marginal man, nationally, socially, psychologically." The political lieutenants, "a strange conglomerate of enthusiastic idealists and broken-down criminals", are the power behind the throne, the driving forces of modern demagogic rule, the backbone of its institutions. The amorphous masses, dispossessed, without a real group life, were ready to merge into a great stream of political activism giving them direction and fulfilment in life. "To believe, to obey, to fight" became the political function of the new masses. There could be no dictator unless the people wanted him.

Professor Neumann analyzes nearly every phase of the totalitarian concept: the character of the one-party state, the institutional framework for control of the masses (bureaucracy, economics of the garrison state, the armed forces, the established churches, the family, education, public opinion and propaganda), the impact of permanent war, and the place of dictatorship in international politics. More attention is paid to psychological and ideological factors than to economic forces. This is, perhaps, a weakness in the general structure of an otherwise fine volume, but at the same time it serves as a welcome counterbalance to the flood of books which reduce historical phenomena to a monistic economic interpretation.

The critical observer will be inclined to differ with Professor Neumann on some minor points. For example, there is an overemphasis on the seriousness of Italian population pressure. One is inclined to ask why so few Italian families, comparatively speaking, were sent to Libya and Italian Eritrea, if Italy were, in reality, the "danger spot of world populations". Dr. Neumann unconsciously labels Versailles an "intolerable treaty". Yet, even before Hitler the Germans had scrapped the Treaty of Versailles, certainly in spirit and in many cases in practice. The horrible "intolerance" of Versailles was very much a figment of the lively German imagination. The so-called "new order" in Europe has made this abundantly clear.

Louis L. Snyder

The City College

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BOOK NOTES

Russia's Economic Front for War and Peace: An Appraisal of the Three Five-Year Plans (New York and London, Harper & Brothers, 1942; ix, 279 pp. $3.00. Translated from the original Russian manuscript by N. I. and M. Stone), by A. Yugow, is an up-to-date, reliable account of the economic and social evolution of the Soviet Union. Relying almost exclusively on Soviet sources, Mr. Yugow has marshaled a wealth of information and has drawn a well-rounded picture of Soviet planning, industrialization, collectivization of agriculture, domestic and foreign trade, finance, geographical distribution of industry, labor, standards of living, and social conditions. His compact and thoroughly factual account is supplemented by an interesting analysis of the Soviet system from the point of view of a confirmed socialist who, however, does not approve of Stalin's methods. Fortunately one does not need to share Mr. Yugow's political predilections in order to profit from reading his book, which is probably the most comprehensive account of economic conditions in the U. S. S. R. published in this country in recent years. The author deserves special credit for scrupulously pointing out the inadequacy of official information bearing on some of the essential aspects of Soviet economics. It would be ungenerous, for instance, to quarrel with Mr. Yugow about his optimistic conclusions concerning the alleged improvement in the standards of living of workers and peasants, since he makes it abundantly clear that these conclusions are hardly more than surmises and guesses. The obstinate refusal of the Soviet government to publish any detailed information on this vital question, however, suggests greater caution than is displayed in this instance by the author. In his general appraisal of the Soviet experiment Mr. Yugow reaches the conclusion that it does not meet the requirements of a socialist commonwealth as understood by the orthodox disciples of Marx. "The Soviet economy is a state-operated economy," writes Mr. Yugow, "but it is not an economy operated under a planning system, with coordinated constituent parts, with a harmonious development free from crisis." He believes that the Soviet Union today is "in a state of transition. . . . Important social and economic bases for a socialist order have been established, but they are still mixed with elements of market economy and private

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economic order; they have not yet been consolidated and are in great danger of having to retreat." The social structure of the U. S. S. R., as Mr. Yugow sees it, with its inequality of incomes and huge, overbearing bureaucracy, also falls short of the social ideal.—MICHAEL T. FLORINSKY, Columbia University.

Among the tragedies of the League of Nations, none was more poignant in itself than the failure to restrain National Socialist aggression in Danzig. Here the luckless policy of appeasement was callously exploited by the Nazi party, to the discomfiture of honest democrats in the Free City and the humiliation of the League. The events in this story are recounted vividly in *Nazi Conquest of Danzig* (Chicago, The University of Chicago Press, 1942; xvi, 363 pp. $3.50) by Hans L. Leonhardt. The book is smoothly written, filled with details which Mr. Leonhardt, as a participant in these events, furnishes from personal experience, and well documented from League publications, newspaper and periodical material. Within the limits imposed by circumstance and himself, the author has done excellent work, marred only by a tone of injured innocence and futile irritation at the League's policy (or lack of it), which is forgivable under the circumstances. One gains the impression, however, that the author lays too much blame upon the League for failing to throw the Nazis out, and not enough upon the good people of Danzig, who let them in. The book commences (after a brief introduction) with the Nazis apparently already entrenched in the judiciary and police, and shortly before they won a majority in the legislature in a free election (May 1933). For these developments Mr. Leonhardt can offer no explanation except unemployment, hatred of Poland, and the stupidity of the German people (p. 59). This is not very convincing and somewhat weakens the author's case against the League, which was indeed woefully remiss in its duty toward Danzig. It does not, however, detract from the vivid portrayal of the Danzig Nazi leaders and their actions after 1933. This localized case study of Nazi tactics and the documentation of the League's reprehensible indifference provide a real contribution toward an understanding of pre-war Europe. The author has included an index and a short bibliography.—GEORGE D. CROTHERS, Columbia University.

The Background of Our War, from Lectures Prepared by the Orientation Course, War Department, Bureau of Public Relations (New York and Toronto, Farrar & Rinehart, Inc., 1942; xiv, 279

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pp. $2.00), is a well-written and brief summary of the main military aspects of the second World War from its outbreak through the attack on Pearl Harbor. The contributors include civilians as well as military men. Outstanding as examples of the two groups are Colonel Herman Beukema of the United States Military Academy and Professor J. Anton de Haas of Harvard University. The chapters are phrased in clear and simple language and nowhere in the book is there any evidence of aggressive hindsight. The contributors have been very judicious in their use of figures and prudent and sparing in their conjectures. The volume as a whole presents a straightforward story of the first twenty-seven months of the war with just enough of the historical and strategic background to make the narrative independent and rounded. On the principle that "truth ever has most strength of what men say", the descriptions of the methods, plans, successes and mistakes of all combatants are remarkably fair and entirely dispassionate. There are forty good maps and excellent descriptive notes on the few technical items. The bibliography, however, is poor, and there is no index. Teachers, lecturers and students will find the book exceptionally useful and convenient. —WALTER CONSUELO LANGSAM, Union College.

Discussion of strategic materials, in all that was published during the two decades preceding 1940, was predicated on the lists of such materials that had been officially promulgated. The experience of the past two years has made crystal clear that strategic materials are a function of strategy, and that is subject to change almost without notice. *Strategic Materials in Hemisphere Defense* (New York, Hastings House, 1942; xviii, 235 pp. $2.50), by Mary S. Hessel, W. J. Murphy, and F. A. Hessel, recognizes this by devoting Part I to those materials which were on the official list, and Part III to those materials which were not on it, but which the experience of the past two years indicates are of more serious concern than some of the official list. Part II deals with Latin America as a source of these materials for our needs. Since one of the authors is editor of a chemical journal and another president of a commercial research laboratory concerned with these materials, the discussion (at the time of publication) was as up-to-date as the day's newspaper, and is presented with the sanity characteristic of business undertakings. It is interesting reading also, for the authors possess the skill to present their material so clearly that it is never dull. Strangely enough, there is no index and the table of contents is so abridged

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that the only means the reader has of finding a specific topic is to read the whole book, unless he is able to guess that the discussion of molybdenum is in the chapter on steel, while that of magnesium is in the chapter on chemicals. Even with this defect, it is the most useful of books on the subject, since it is the only one that is really up-to-date.—THOMAS T. READ, Columbia University.

Most books on imperfect competition theory, preceding, including and following the Chamberlin and Robinson volumes, have shown great addiction to pure theory, being marked by much geometry, algebra and calculus, but usually having little reference to the rich stores of data on actual market structures. William H. Nicholls' *A Theoretical Analysis of Imperfect Competition with Special Application to the Agricultural Industries* (Ames, Iowa State College Press, 1941; xiv, 384 pp. $3.75) is a salutary exception. It seeks to fructify theory by using assumptions suggested by actual competitive structures, and points the way toward the use of theory for the illumination of actual situations. An agricultural economist, Professor Nicholls has attempted to adapt the tools of monopolistic competition theory so they may be applied to his field. Almost immediately this attempt focuses attention upon interests which have dual rôles: they are members of small groups which buy from farmers and sell to consumers. In tobacco, meat packing, and other fields, therefore, we have both oligopsony and oligopoly (in their myriad forms) and not oligopoly alone, the case which previously has been treated most fully. The theoretical portions of this volume explore the possible relationships and equilibria which may result from fewness of sellers or buyers or both; from differences of service and product on both buying and selling levels; and from combinations of both. In every chapter Nicholls indicates his effort to investigate those hypotheses which most closely resemble conditions actually found in his own investigations of existing markets. All this is pointed up by frequent quotations and data relating to actual competitive structures, making the theory developed seem much more meaningful than in the usual book on economic analysis. It is to be regretted that Nicholls did not push his analysis further to take fuller account of the contemporary situations in which the oligopolistic oligopsonists are faced by determined and powerful government measures to manipulate supply and demand of farm commodities so as to eliminate pure competition among farmers and permit consumer-favoring price discrimination. His rather naïve statement of the significance of an observed correlation coefficient (p. 333) is

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a unique misstep in a book otherwise marked by great powers of theoretical analysis and a thorough acquaintance with economic reality in the agricultural industries.—HARRY SCHWARTZ, Washington, D. C.

Professor Philip W. Buck's survey of mercantilist doctrine, *The Politics of Mercantilism* (New York, Henry Holt and Company, 1942; viii, 240 pp. $2.00), is a welcome contribution to the literature of an era that has recently been receiving considerable attention. The contents of the book are richer than the title would indicate. The title seems to have been suggested by the author's general field, that of government, rather than by the subject matter. The broad character of the book is suggested by the chapter headings: "The Historical Background of English Mercantilism", "Mercantilist Economic Doctrine", "The Political Implications of Mercantilist Economics", "The Structure of the Mercantilist State", "Mercantilist Political Doctrine", "Modern Totalitarianism". The unique value of the book lies in the numerous extracts from the writings of the English mercantilists. The author has made excellent use of that great storehouse, The Huntington Library. He suffers, however, from a habit of one school of political science, namely, that of attributing the errors of the mercantilists, as well as subsequent schools of economics, to a neglect or failure to understand the political theory of the day. Yet a wider and deeper knowledge of the mercantilists would reveal that they were not only intimately acquainted with political theory, but, in fact, contributors to it. This, of course, was likewise true of the so-called political theorists of the day in relation to economics. Was Locke primarily a student of government or of economics? The author's failure to recognize this integration is best evidenced by the lack of any discussion of Locke's doctrine of government, in the chapter devoted to politics. Such a discussion might also have helped to reveal that the difference between mercantilism and traditional laissez faire might not be as sharp as the author appears to think. Likewise, a study of the economic and political literature of the American colonies might have enriched the discussion. To the students of current events, the last chapter on totalitarianism should prove suggestive.—JOSEPH DORFMAN.

French Predecessors of Malthus by Professor Joseph J. Spengler (Durham, Duke University Press, 1942; ix, 398 pp. $4.50), a by-product of his *France Faces Depopulation* (1938), is a valuable contribution to the history of French economic and social thought of the eighteenth century. It is not restricted to writers who would

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ordinarily be thought of as "predecessors of Malthus"; indeed the generally optimistic tone of the writers examined suggests that there were few, if any, predecessors in this narrow sense. Professor Spengler discusses the population and wage theories of some fifty French writers: he makes clear the influence of their general economic and social thought on their population theory and in the process throws new light on the development of French economic and social thought in general. The book is therefore recommended not only to the student of population, but also to the historian of social thought, and to the historian. A first chapter deals briefly with canonist and mercantilist views on population which appeared earlier than the eighteenth century. The chapters on the eighteenth-century writers are on the Neomercantilists and the Agrarians, the Repopulationists, Cantillon, Quesnay and the Physiocrats, the Philosophers, the nonphysiocratic economists, and the extreme antiphysiocrats. A final chapter gives a survey of the doctrinal trends and some interpretation of those trends. Professor Spengler concludes that the failure of the French writers to "posit the Malthusian antithesis, if only to refute it," is explained largely by the "fact that the principal subject of inquiry was always, not the population problem as such, but the discovery and diffusion of means whereby absolutism and its concomitant evils might be dissolved. Most French writers were critical of the existing institutional framework, and found the principal cause of the prevailing mass poverty and other ills in the deviation of this framework from the prescripts of the beneficent natural order; they believed, moreover, that as men reshaped their institutions in harmony with the natural order they would eliminate existing poverty and remove the conditions that gave rise to it, including presumably persistent population pressure" (p. 369).—VINCENT W. BLADEN, The University of Toronto.

John Ponet (1516?–1556): Advocate of Limited Monarchy (Chicago, The University of Chicago Press, 1942; ix, 246, 183 pp. $4.50), by Winthrop S. Hudson, contains both a survey of Ponet's life, career and ideas, and a facsimile reproduction of his *Shorte Treatise of Politike Power* (1556). In his survey, Mr. Hudson brings together all that we are ever likely to know about the man and ably introduces Ponet's own treatise. He finds Ponet a "theoretician of politics" more significant than the Presbyterian Cartwright, whose ideas were already available to modern readers, or Christopher Goodman whose *How Superior Powers oght to be obeyd* (1558) appeared in facsimile a decade ago under the auspices of C. H. McIlwain.

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Indeed both McIlwain and Hudson agree that these two men mark the shift "from doctrines of almost unlimited obedience which characterize the political thought of the first half of the century." To support this generalization Hudson has placed Ponet against the background of his times by examining his career as well as his ideas. From scattered sources, he reconstructs the "Cambridge Scholar", the intimate of John Cheke, Thomas Smith, William Cecil and Roger Ascham. Thence Hudson carries him through the less academic experience of assisting Thomas Cranmer in those critical years, 1546-1550, during which period he ably defended clerical marriages, translated a critique of papal claims, and debated the nature of the Eucharist. In 1550, he became Bishop of Rochester, and in 1551, Bishop of Winchester—high distinction for a man in his thirties and perhaps not unrelated to the shortage of able men—and in 1552 he composed the *Short Catechism*. When the accession of Mary ended this side of his career, Ponet, after some undefined connection with Wyatt's rebellion, retired to his final rôle of exile at Strassburg. Here he wrote not only on the Eucharist and priests' marriages but the more famous *Short Treatise*. This *livre de circonstance*, written in exile, reflects the conditions of its composition and stands forth definitely as an autobiography of its time. Ponet assumes God to be the source of all power, governing through natural law to which princes as well as subjects owe obedience. The people determine how God's authority is to be exercised, and if the prince ever sought absolute power he might be deposed. Government is an empire of laws, natural and positive, of which the latter may be made as well as declared. Private property and conscience are natural rights. The realization that Ponet has written a tract rather than a treatise comes from the questions he has not even asked, let alone answered: the limits of toleration, method of enforcement, definition of majority rule. Nonetheless, his appeal is obvious. Through his book flow many classic and noble concepts derived from experience or unimpeachable sources; and from Christopher Goodman to John Adams, revolutionists found him a sympathetic and authoritative spokesman. —CHARLES F. MULLETT, University of Missouri.

A History of South Africa: Social and Economic (Oxford, at the Clarendon Press, New York, Oxford University Press, 1941; vii, 292 pp. $3.75), by C. W. de Kiewiet, is one of the best of several recent books interpreting South Africa's complex social and economic problems. The book has ten chapters, the first seven presenting the

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historical background and the last three analyzing in considerable detail the current problems. These revolve around (1) the existence of a large indigent poor white population along with a larger and even poorer native population, (2) the maintenance of a "civilized labor policy" which tends to perpetuate an aristocracy of highly paid white laborers superimposed upon a mass of low-wage unskilled native workers and impoverished, dispossessed farm families, and (3) the halting and questionable efforts of successive governments to regulate economic activity. The book appears to have two main themes; first, that the prolonged conflict between the white and native populations was due mainly to competition between two land-hungry peoples and, secondly, that the Boer section of the white population early developed characteristics which made it difficult for them to deal humanely with the native question and which also made it difficult for them to adapt themselves to a competitive profit economy. "All the investigations which public and private bodies have conducted since the Boer War into the causes of the economic and social degradation of a large part of the white population have tended to the conclusion that poor whites and poor blacks are the result of very similar causes" (p. 183). South Africa's social and economic problems are complicated by the facts that the country is poor agriculturally; that the interior was settled haphazardly; that farm lands, both in white and native areas, were farmed in a wasteful manner; and that the labor policies which have been followed since the opening up of the diamond and mining industries have been designed to prevent natives from entering the skilled ranks in spite of the fact that progressive pressure of population upon impoverished native areas has accelerated the urbanization of the native population. This book can be recommended strongly to persons interested in social and economic history. The author is remarkably free from bias and throughout displays commendable moderation. This, however, does not prevent him from drawing a rather damning characterization of a large part of the Boer section of South Africa's white population which, although essentially correct, is likely to cause resentment. The author's easy and at times almost poetic style of writing makes the book pleasurable reading even for laymen. The only incongruous feature of the book is a pictogram separating chapters 9 and 10. It appears to be out of place in a very scholarly piece of work in which the few charts and tables of notable persons and events are placed only in the appendix.—J. M. TINLEY, University of California.

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John W. White's *Argentina: The Life Story of a Nation* (New York, The Viking Press, 1942; xi, 366 pp. $3.75) is a timely, important and well-written book. Its author resided for many years in the country he describes—rather unusual nowadays for a writer on Latin American matters—and learned to understand the people among whom he lived. The book gives a comprehensive picture of Argentina's history and social conditions, instead of being just one more of those travelogues or fly-by-nights so frequent in recent years, which mislead and confuse more than they enlighten. It is also unusual in that it contains only a few factual errors, mainly in statistical matters. It is outstanding in its clear and unbiased analysis of the political situation: the landed aristocracy professing to believe in, or, rather, paying lip service to, democracy, but merely so long as they still control the ballot boxes. A "life-long cynical political habit of pretending one thing while doing another" (p. 305) is White's accurate characterization of President Castillo's methods, a description which, however, he should not have applied to the Conservatives alone. White's dislike of them leads him to overestimate the political honesty of their main opponents, the Radicals. This reviewer disagrees with the author also in his evaluation of the Ortiz régime. President Ortiz, in repudiating electoral fraud after his election—strange words for a politician who came into power through one of the most fraudulent elections in Argentine history—was merely trying to build up his own political machine. He was really no more in favor of a return of the Radicals to power—honest elections would amount to that—than he was in favor of his country's declaring war on the Axis. It is generally overlooked that, in matters of foreign policy, history shows as little difference between Ortiz and Castillo as between Ortiz and his predecessors. Argentina's foreign policy has traditionally been one of distrust of, and of unwillingness to coöperate with, the United States. There was a time, long ago, when the United States "occupied the leading position in the minds, lives and economy of the Argentines" (p. 312). In White's opinion, shared by many people with awareness in the situation, the "recovery of that position would be the most effective way of winning Argentina away from fascism" (p. 312). — FELIX J. WEIL, Institute of Social Research, New York City.

To the nineteen volumes already published in the Canadian-American Relations Series has now been added another regional study —*The Red River Valley, 1811-1849* by John Perry Pritchett (New

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Haven, Yale University Press, Toronto, The Ryerson Press, London, Oxford University Press for the Carnegie Endowment for International Peace, 1942; xxi, 295 pp. $2.75). The subject of this work is essentially the history of a geographical region — the area drained by the Red River of the North—within specified time limits. The story begins with the coming to "Assiniboia", the district under consideration, of a group of colonists sent out from the British Isles by the Earl of Selkirk. At first the settlers were thwarted and starved by nature and mischance, and buffeted by the forces of two warring fur-trade empires. Later they were bullied and oppressed by a fur-trade monopoly. Finally, partly through their own efforts, but more as a result of the advance of the American frontier up to the Red River Valley, they won freedom. The episodes which make up this piece of regional history are, in themselves, striking enough, and even thrilling; and they have lost little or nothing of this as they appear in the pages of the present study. The author is not a man who eschews color in his portraits and refrains from expressing his opinion. He believes that there are such things as honesty, philanthropy and villainy, and that they are the most significant historical facts about the men who practice them. Such being the case, the field could scarcely have been better chosen, as the scenes of this drama present some of the finest, and also some of the basest, characters yet known in American history. Aside from these qualities of subject matter and tone, however, *The Red River Valley* has considerable merit in several other respects. The structure is well proportioned and the content both coherent and well articulated; the style is smooth but expressive; the materials are pertinent and, in large measure, original. Among the features of the book which are most likely to arouse objections the chief, perhaps, are the preponderating position allotted to the Earl of Selkirk, the severity of the judgments passed on the activities of the North West Company, and the comparatively slight attention that is given to the part played by Americans. In reply it could be urged that the Selkirk Settlement was essentially a one-man project, that the North West Company was a specious but illegal organization plotting over a period of decades to profit by crimes ranging from robbery to massacre, and that Americans, except as fur traders, had little to do with the Red River country until after the year 1849. In format and other accessories the volume is uniform with its predecessors. — DONALD J. PIERCE, Toronto, Canada.

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The second volume of Dr. William R. Manning's fruitful project—*Diplomatic Correspondence of the United States: Canadian Relations, 1784-1860,* Vol. II: *1821-1835* (Washington, Carnegie Endowment for International Peace, 1942, Sales Agent, Columbia University Press, New York; xxxviii, 1016 pp. $5.00)—is as rich as the first in materials relating to every aspect of the relations between the two countries. The economic, as well as the political and diplomatic, historian will find much to interest him. From the documents can be pieced together the course of major and minor, new and old, issues. Here is the intricate evidence of the unsuccessful attempt of Nova Scotia to displace New England in the British West India trade; here is evidence of the rejection by Great Britain of the extravagant claims of John Quincy Adams to equality of status in a purely intra-imperial trade. Particularly illuminating are the documents which demonstrate the existence in the United States of a "St. Lawrence question" comparable to the "Mississippi question" of earlier years. For good measure, the volume also contains a wealth of material relating to critical boundary disputes, the venerable fisheries imbroglio, joint occupation of Oregon, as well as those hardy perennials, army deserters, timber thieves, smugglers, fugitive slaves and fugitives from justice. The vast mass of documents has been carefully selected and arranged, and subjected to an alert editorial eye. Numerous cross-references help to overcome a rigid organization of the documents into two major divisions: communications to and communications from Great Britain. The terminal point, like that of the first volume, has been determined by the sheer bulk of the material rather than by any historical unity. Here, in short, is admirable grist, admirably prepared for the mills of scholars in the field of Canadian-American relations.—CHILTON WILLIAMSON, Columbia University.

A colorful, local figure, who expanded occasionally to some degree of national importance, does not ordinarily fall to the lot of a Ph.D. student as a dissertation subject. In *J. Sterling Morton* (Lincoln, University of Nebraska Press, 1942; xiv, 451 pp. $3.50) by James C. Olson, the author has made the most of his opportunity, chronicling Morton's career with relish and much detail. That career was marked by a propensity, indulged from 1854 to 1900, to plunge repeatedly into the turbulent waters of politics after brief intervals "of treading upon the high and dry ground of private life" (p. 252). Undoubtedly the arduous labors of dissertation-writing are measurably lightened, when the subject thereof has the sharp wit characteristic of Morton

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whenever in opposition to some person or thing, and usually he was in opposition. In fact, throughout life Morton pretty well embodied the philosophy of his own uncle, a newspaper editor for whom he worked as a youth, an editor "independent in the extreme", who "for all opinions other than his own . . . seemed to have a supreme contempt"—an editor convinced that "The function of a newspaper is to print the news, and raise hell" (p. 29). This attitude has historical significance because there was much in the experience of pioneers to encourage it; and because historians need to remember that we have had this type of opposition-minded, persistently defeated politician, as well as the cautious, pussyfooting, long-time office-holders such as Allison of Iowa and Sherman of Ohio. Neither of these two types of politicians (and it is hard to decide which has the more influence) can afford to be consistent. In Morton, Olson shows inconsistency regnant. Though frequently employed by the railroads for legislative purposes, Morton argued against further government aid to them. Though a farmer, he opposed the Grangers and was hired to lobby against them. Though he opposed wildcat territorial banks, he espoused the Ohio idea. Though a believer in unlimited laissez faire as applied to business, he was not a Republican. Though a pioneer in disposition and experience, he was a conservative always. And, supreme inconsistency of all, though a silver mine owner, he opposed free silver. Students of Nebraska politics will find here much detail to interest them, but students of national affairs will wish for more, particularly about Nebraska's relation to the silver movement. Mr. Olson does not often divert his pen from the chronicle of Morton's personal experiences to detail his relations with leaders of national renown. This may be due to lack of space, time, resources or materials. At any rate, as an outstanding (but not as a favorite) son of Nebraska, Morton has had the advantage of an interesting portrait drawn by a promising young historical artist.—JEANNETTE P. NICHOLS, Swarthmore, Pa.

Professor Chester V. Easum's *Prince Henry of Prussia: Brother of Frederick the Great* (Madison, University of Wisconsin Press, 1942; 403 pp. $5.00) succeeds in giving proper and long neglected recognition to this perpetual "second-in-command", whose place in the history of the eighteenth century is too often obscured for historians by the greater light of Frederick. The biography is a balanced account of Henry's life, with its focus fixed on the psychological factors governing the personality of one so near the Prussian king, and yet so far from the throne. More than one half of the text is

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devoted to the tortuous campaigning of the Seven Years' War, but other phases of Henry's career receive appropriate attention, including the prince's training under the direction of Frederick II "*in loco parentis*", the refusal of Henry to consider a stadholdership of the United States, and his attempted tutelage of Frederick William II and Frederick William III. The account of Henry's missions to the court of Catherine II shows the important rôle he played in initiating proposals for the partition of Poland. After these two significant services to the Prussian state—as a military "virtuoso" on the battlefields of the Seven Years' War and as the inventor and engineer of the first partition of Poland—this prince of the blood was condemned to a tragic frustration, to a round of activities hardly corresponding to the measure of his talents or his political zeal. Mr. Easum's work is, however, more than a biography of Prince Henry. It is a study of the relations of both brothers, Frederick and Henry. Their nearness to each other in the comradeship of military command and in the pleasures of intellectual companionship stands in sharp contrast with the distance separating them as sovereign and subject, a distance which Frederick, true to the Hohenzollern political creed of indisputable monarchical authority, never allowed Henry to forget. Both the operational and psychological aspects of their "effective working partnership" in the campaigns of the Seven Years' War are skilfully developed. Since Frederick revealed more of his true thoughts, especially his doubts and perplexities, to his confidant, Henry, than to any other person, the author implicitly demonstrates that Frederick cannot be understood except in relation to Prince Henry. The book combines fluent, imaginative phrasing and thorough scholarship, which is based on a careful examination of published correspondence, diaries, memoirs, monographical literature, and manuscript materials drawn principally from the Prussian archives and the British Museum. In one instance (the discussion of the origins of the war between Revolutionary France and the allies, Austria and Prussia, p. 352), material of common knowledge and without vital bearing on the subject might better have been excluded. — HAROLD C. VEDELER, University of Nebraska.

In *The American Idea* (New York, Harper and Brothers, 1942; 278 pp. $2.50) by Eugene T. Adams and others, nine members of the faculty of Colgate University have accepted the challenge of an inquiry: "What is the trouble with most of us? Year after year the majority of young men go out into the world without a very

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deep faith and conviction in the democratic way of life" (p. 1). "The trouble with most of us", writes Mr. Adams in his Introduction (p. 2), "is that we take our American citizenship for granted as much as we do our health." To understand and appreciate the essential democracy of our lives, he would claim, we must look for its specific expression in the various avenues in which our energy as a nation moves. With admirable facility of language the nine authors contribute chapters depicting the democratic scene in their respective specialties. Charles R. Wilson writes of the historical background of American political democracy; Albert H. Garretson, of American government; Thomas H. Robinson, about our economic system; Sidney J. French, of science; Alfred Krakusin, of art; John B. Hoben, of literature; George E. Schlesser, of education; Howard B. Jefferson, of religion; and Eugene T. Adams, of philosophy. Mr. Adams also contributes an extremely brief postscript "On Some Enemies of Democracy". The book is frankly designed to portray democratic institutions, achievements and faith as living and growing. It is not a research work; it is a group of simply and forcefully written essays, extraordinarily well unified. Emphasis in all the chapters, except those on government and economics, is heavily historical. But they are also analytical, and certainly they are informative. The authors have a sense of the sweep of the American idea. That some of them reveal their predilections is perhaps inevitable, and doubtless not to be condemned. Intrinsic in the development of this book is a lesson for students of the social disciplines: that there is a continuity which binds them together. The broad perspective which comes only from the integration of many facets of American life is indispensable to that optimistic conviction which must support our democratic ideas.—FRANKLIN L. BURDETTE, Butler University.

One of the most intelligently constructed works of its type is the *Reading Guide for Social Studies Teachers* (Washington, The National Council for the Social Studies, Bulletin Number 17, September 1941; 158 pp. $.50), compiled by Professor Edgar Bruce Wesley of the University of Minnesota. There are ten chapters dealing, respectively, with the social sciences in general, political science, economics, sociology, geography, American history, world history, the teaching of the social studies, education, and periodicals in all these fields. The bases of selection for the titles were readability, pertinence to the work of social studies teachers, scholarliness, and recency. Candidates for inclusion were nominated by Professor Wesley's colleagues in the various fields, so that, as he forthrightly

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puts it: "In a way it may be said that my colleagues guarantee the scholarship of the books, and I vouch for their utility for social studies teachers." Every title is followed by a longer or shorter descriptive paragraph neatly summarizing the chief value or contribution or characteristic of the book. Probably no other man would have drawn up an exactly similar list, so that there is little to be gained either by noting certain omissions or raising eyebrows over certain inclusions. The compilation as it stands is a good, sensible, and eminently usable guide; it is one which every social studies teacher should own.—WALTER CONSUELO LANGSAM, Union College.

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